Insurance Law and Regulations in India

The concept of insurance has been prevalent in India since ancient times. Overseas traders practiced a system of marine insurance. The joint family system, peculiar to India, was a method of social insurance of every member of the family on his life. The law relating to insurance has gradually developed, undergoing several phases from nationalization of the insurance industry to the recent reforms permitting entry of private players and foreign investment in the insurance industry.

The Constitution of India is federal in nature in as much there is division of powers between the Centre and the States. Insurance is included in the Union List, wherein the subjects included in this list are of the exclusive legislative competence of the Centre. The Central Legislature is empowered to regulate the insurance industry in India and hence the law in this regard is uniform throughout the territories of India.

History of Life Insurance:

The life insurance business in India started with the establishment of the Oriental Life Insurance Company in Calcutta (1818). This Company however failed in 1834. In 1829, the Madras Equitable had begun transacting life insurance business in the Madras Presidency. 1870 saw the enactment of the British Insurance Act and in the last three decades of the nineteenth century, the Bombay Mutual (1871), Oriental (1874) and Empire of India (1897) were started in the Bombay Residency. This era, however, was dominated by foreign insurance offices which did good business in India, namely Albert Life Assurance, Royal Insurance, Liverpool and London Globe Insurance and the Indian offices were up for hard competition from the foreign companies.

The Government of India started publishing returns of Insurance Companies in India (1914). The Indian Life Assurance Companies Act, 1912 was the first statutory measure to regulate life business. In 1928, the Indian Insurance Companies Act was enacted to enable the Government to collect statistical information about both life and non-life business transacted in India by Indian and foreign insurers including provident insurance societies. In 1938, with a view to protecting the interest of the Insurance public, the earlier legislation was consolidated and amended by the Insurance Act, 1938 with comprehensive provisions for effective control over the activities of insurers.

The Insurance Amendment Act of 1950 abolished Principal Agencies. However, there were a large number of insurance companies and the level of competition was high. There were also allegations of unfair trade practices. The Government of India, therefore, decided to nationalize insurance business.

An Ordinance was issued on 19th January, 1956 nationalising the Life Insurance sector and Life Insurance Corporation came into existence in the same year. The LIC absorbed 154 Indian, 16 non-Indian insurers as also 75 provident societies—245 Indian and foreign insurers in all. The LIC had monopoly till the late 90s when the Insurance sector was reopened to the private sector.

History of General Insurance:

The history of general insurance dates back to the Industrial Revolution in the west and the consequent

growth of sea-faring trade and commerce in the 17th century. It came to India as a legacy of British occupation. General Insurance in India has its roots in the establishment of Triton Insurance Company Ltd., in the year 1850 in Calcutta by the British. In 1907, the Indian Mercantile Insurance Ltd, was set up. This was the first company to transact all classes of general insurance business.

The General Insurance Council, a wing of the Insurance Association of India was formed in 1957. The General Insurance Council framed a code of conduct for ensuring fair conduct and sound business practices.

In 1968, the Insurance Act was amended to regulate investments and set minimum solvency margins. The Tariff Advisory Committee was also set up then.

In 1972 with the passing of the General Insurance Business (Nationalisation) Act, general insurance business was nationalized with effect from 1st January, 1973. 107 insurers were amalgamated and grouped into four companies, namely National Insurance Company Ltd., the New India Assurance Company Ltd., the Oriental Insurance Company Ltd and the United India Insurance Company Ltd. The General Insurance Corporation of India was incorporated as a company in 1971 and it commence business on January 1st 1973.

Entry of Private Players:

This millennium has seen insurance come a full circle in a journey extending to nearly 200 years. The process of re-opening of the sector had begun in the early 1990s and the last decade and more has seen it been opened up substantially. In 1993, the Government set up a committee under the chairmanship of RN Malhotra, former Governor of RBI, to propose recommendations for reforms in the insurance sector. The objective was to complement the reforms initiated in the financial sector. The committee submitted its report in 1994 wherein , among other things, it recommended that the private sector be permitted to enter the insurance industry. They stated that foreign companies be allowed to enter by floating Indian companies, preferably a joint venture with Indian partners.

Following the recommendations of the Malhotra Committee report, in 1999, the Insurance Regulatory and Development Authority (IRDA) was constituted as an autonomous body to regulate and develop the insurance industry. The IRDA was incorporated as a statutory body in April, 2000. The key objectives of the IRDA include promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial security of the insurance market.

The IRDA opened up the market in August 2000 with the invitation for application for registrations. Foreign companies were allowed ownership of up to 26%. The Authority has the power to frame regulations under Section 114A of the Insurance Act, 1938 and has from 2000 onwards framed various regulations ranging from registration of companies for carrying on insurance business to protection of policyholders' interests.

In December, 2000, the subsidiaries of the General Insurance Corporation of India were restructured as independent companies and at the same time GIC was converted into a national re-insurer. Parliament passed a bill de-linking the four subsidiaries from GIC in July, 2002.

List of Life Insurers (As on 17-11-2022):

Currently there are 23 life insurance companies operating in the country. Exide Life Insurance Co. has merged with HDFC Life Insurance Co. effective from the end of day 14th October 2022.

Sl.No	Name of the Company – Corporate Office Address	Regn. No	Name of the Chairman / MD & CEO	Name of Appointed Actuary	Telephone No / Fax No/Web Address
1	**Life Insurance Corporation of India**	512	Mr. M R Kumar	Mr. Dinesh P ant	Tel : 22-22027060 (Chairman)
	Yogakshema, Jeevan Bima Marg		Chairman		Tel.(EPABX) 02 2- 66598000
	Post Box No. 19953				Fax:022-22028 600
	Mumbai – 400 021		Email: Chair man@licindia. com		https://www.li cindia.in/
2	**HDFC Life Insurance Co. Ltd**	101	Ms. Vibha Pad alkar	Ms. Eshwari Murugan	Tel : 022-67516666
	13th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Road, Mahalaxmi, Mumbai 400 011, Maharashtra		MD & CEO		Fax: 022-6751 6550
					https://www. hdfclife.com/
3	**Max Life Insurance Co. Ltd.**	104	Mr. Prashant Tripathy	Mr. Jose Chathup arambil John	Tel : 0124-4121500
	3rd, 11th, 12th Floor, DLF Square Building,		MD & CEO		Fax: 0124-6659811
	Jacaranda Marg, DLF City, Phase – II,		Email : ceo@ maxlifeinsura nce.com		https://www. maxlifeinsuran ce.com/
	Gurgaon – 122002, Haryana				
4	**ICICI Prudential Life Insurance Co. Ltd,**	105	Mr. N S Kannan	Mr. Souvik Jash	Tel : (022) 40391992
	ICICI Prulife Towers		MD & CEO		Fax no.: (022) 66622031
	1089, Appasaheb Marathe Marg, Prabha devi,Mumbai – 400 025				https://www.i ciciprulife.com /

5	**Kotak Mahindra Life Insurance Co. Ltd.**	107	Mr. Mahesh Balasubramanian		Tel:022-66057652/6605777
	7th Floor, Kotak Infiniti, Building No.21, Infinity Park, Off Western Express Highway,		MD & CEO	Mr. R. Jayaraman	Fax: 022 6742 5650
	General AK Vaidya Marg, Malad (East),				https://insurance.kotak.com/
	Mumba – 400 097				
6	**Aditya Birla SunLife Insurance Co. Ltd.**	109	Mr. Kamlesh Rao	Mr. Nakul Yadav	Tel: 022-43569000
	One India Bulls Centre,		MD & CEO		Fax:022-56783377
	Tower 1, 16th Floor, Jupiter Mill Compound,				https://lifeinsurance.adityabirlacapital.com
	841, SenapatiBapatMarg, Elphinstone Road,				
	Mumbai-400013.				
7	**TATA AIA Life Insurance Co. Ltd.**	110	Mr. Naveen Tahilyani	Mr. Ankur Saraf	Tel :022-66479000
	14th Floor, Tower A, Peninsula Business Park		MD & CEO		Fax : 022-66550711
	Lower Parel, Senapati Bapat Marg,				http://tataaia.com/
	Mumbai - 400013				
8	**SBI Life Insurance Co. Ltd**.	111	Mr. Mahesh Kumar Sharma		Tel : 022-61910000
	“Natraj”, M.V. Road & Western Express Highway Junction, Andheri (East), Mumbai 400069		MD&CEO	Mr. Prithesh Chaubey	Fax: 022 61910012
					https://www.sbilife.co.in/
9	**Bajaj Allianz Life Insurance Co. Ltd.**	116	Mr. Tarun Chugh	Mr. Avdhesh Gupta	Tel : 020-66026773
	Bajaj Allianz House, Airport Road,		MD&CEO		Fax : 020 -66026789

	Yerawada,Pune – 411 006				https://www.bajajallianzlife.com
10	**PNB MetLife India Insurance Co. Ltd,**	117	Mr. Ashish Kumar Srivastava	Ms. Asha Murali	Tel : 022-41790000
	Unit No. 101, 1st Floor, Techniplex-1, Techniplex Complex,Veer Savarkar Flyover, Off S V Road Goregaon (West), Maharashtra-400062.		MD & CEO		Fax:022-41790203
					https://www.pnbmetlife.com/
11	**Reliance Nippon Life Insurance Company** Limited, Reliance Centre, Off Western Express Highway, Santacruz East, Mumbai – 4000055.	121	Mr. Ashish Vohra,	Mr. Pradeep Kumar Thapliyal	Tel: 022 30002000
			CEO & ED		Fax: 022 30002222
					http://www.reliancenipponlife.com/
12	**Aviva Life Insurance Company India Ltd.**	122	Mr. Amit Malik	Mr. Ajai Kumar Tripathy	Tel: 0124-2709000/01
	Aviva Tower, Sector Road, Opposite Golf Course, DLF-Phase V, Sector 43, Gurgaon 122003		MD & CEO		Fax: 0124-2709007
					https://www.avivaindia.com/
13	**Sahara India Life Insurance Co. Ltd.**	127	Mr. A K Dasgupta	Mr. Ripudaman Sethi	Tel:0522-2329568
	Sahara India Centre,		CEO & President		Fax:0522-2378200
	1, Kapoorthala Complex, Aliganj,				https://www.saharalife.com/
	Lucknow – 226 024				
14	**Shriram Life Insurance Co. Ltd.**	128	Mr. Casparus Jacobus Hend	Mr Johannes Gilliam van	Tel:040-23434466-72

			rik Kromhout,	Helsdingen	
	Ramki Selenium,Plot No:31 & 32,Beside Andhra Bank Training Centre, Financial District, Gachibowli,Hyderabad – 500032.		MD & CEO		Fax: 040-23434488
					https://shriramlife.com/
15	**Bharti AXA Life Insurance Company Ltd,**	130	Mr. Parag Raja		Tel: 022 40306397
	Unit no:1904,19th Floor, Parinee Crescenzo,		MD & CEO	Mr. Varun Gupta	Fax: 022 – 40306347
	'G' Block, Bandra Kurla Complex, BKC Road,				https://www.bharti-axalife.com/
	Behind MCA Ground, Bandra East,				
	Mumbai - 400051				
16	**Future Generali India Life Insurance Company Limited**, Indiabulls Finance Centre, Tower 3, 6th Floor, Senapati Bapat Marg, Elphonstone (W), Mumbai – 400 013	133	Mr.Bruce de Broize	Mr. Bikash Choudhary	Tel: 022-40976666
			MD,CEO & Principal Officer		Fax:022-40976600
					https://life.futuregenerali.in/
17	**Ageas Federal Life Insurance Company Limited,** 22nd Floor, A Wing, Marathon Futurex, N. M. Joshi Marg, Lower Parel – East Mumbai – 400013	135	Mr. Vighnesh Shahane	Mr. Shivank Chandra	Tel.022 - 23029200
			MD & CEO		Fax.022 - 23029499
					https://www.ageasfederal.com
18	**Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited,**	136	Mr. Anuj Mathur,	Mr. Akshay Dhand	Tel:0124-4535500
	Orchid Business Park, Second		MD & CEO		Fax:0124-4535

	Floor, Sohna Road, Sector-48, Gurgaon 122 018, Haryana, India,Phone: +91 124 4535 5794				999
					https://www.canarahsbclife.com/
19	**Aegon Life Insurance Company Limited,**	138	Mr. Satishwar Balakrishnan,	Mr. Kamlesh Gupta	Tel:022 61180100
	Building No. 3, Third Floor, Unit No. 1, Nesco IT Park,Western Express Highway,		MD & CEO		Fax:022 61180200
	Goregaon (East), Pincode (Mumbai-400063)				https://www.aegonlife.com/
20	**Pramerica Life Insurance Co. Ltd.**	140	Ms. Kalpana B Sampat		Tel.0124-4697000
	4th Floor, Tower B, Building No.9		MD & CEO	Mr. Pawan Kumar Sharma	Fax.0124-4697100/200
	DLF Cyber City, Phase-III, Gurgaon 122002				http://www.dhflpramerica.com/
21	**Star Union Dai-Ichi Life Insurance Co. Ltd.**	142	Mr. Abhay Tewari	Mr. Pradeep Kumar Anand	Tel: 022-39546200
	11th Floor, Plot No:34,35 & 38,		MD&CEO		Fax:022-39546311
	Vishwaroop IT Park, Sector-30A of IIP, Vashi, Navi Mumbai 400703				https://www.sudlife.in/home
22	**IndiaFirst Life Insurance Company Ltd.,**	143	Ms. R M Visakha	Ms. Bhavna Verma	Tel:022 39418700
	12th and 13th Floor, North [C] wing, Tower 4, NESCO IT Park, NESCO Centre, Western Express Highway, Goregaon (East), Mumbai – 400 063		MD & CEO		Fax: 022 33259500
					https://www.indiafirstlife.com/
23	**Edelweiss Tokio Life Insurance Company Limited**,3rd & 4th Floor,	147	Mr. Sumit Rai	Mr. Nirmal Nogaja	Tel: 022-4063 5599

	Tower 3, Wing B, Kohinoor City,Kirol Road, Kurla (West), Mumbai -400070		MD&CEO		Fax: 022-71004133
					https://www.edelweisstokio.in/

List of Non-life Insurers (As on 23-11-2022):

Currently there are 31 general insurance companies including the ECGC and Agriculture Insurance Corporation of India. Bharti Axa General Insurance Co. Ltd. has merged with ICICI Lombard General Insurance Co. Ltd. effective from 3rd September, 2021.

S.No	Name of the Insurer	Registered /Corporate Address	CEO/CMD	Appointed Actuary	Phone no./Fax no./ Web address of the Insurer
1	Acko General Insurance Limited	2nd Floor, #36/5, Hustlehub One East, Somasandrapalya, 27th Main road, Sector 2, HSR Layout, Bengaluru, Karnataka - 560102	Mr Varun Dua	Mr Biresh Giri	Phone: 022 62672525/ Web: www.acko.com
2	Aditya Birla Health Insurance Co. Ltd.	One World Centre, Tower 1, Jupiter Mills Compound, 841, S B Marg, Elphinstone Road, Mumbai - 400013	Mr. Mayank Bathwal	Mr.Nirav Hasmukhbhai Shah	Phone - 022 62799505/62799502 CCO: 022-62799561 Web:www.adityabirlahealthinsurance.com
3	Agriculture Insurance Company of India Ltd.	Plate B&C, 5th Floor, Block 1, East Kidwai Nagar, New Delhi-110023	Mr. Surya Swaroop Saxena	Mr. Siddesh Ramasubramanian	Phone: 011-24600444 Web: www.aicofindia.com
4	Bajaj Allianz General Insurance Company Limited	Bajaj Allianz House, Airport Road, Yerwada, Pune, Maharashtra, 411006	Mr. Tapan Singhel	Mr. Gaurav Malhotra	Phone - (+91 20) 66026666 FAX - (+91 20) 66026667 Web - www.bajajallianz.com
5	Cholamandalam MS General Insurance Co Ltd	Dare House, 2 nd Floor, NSC Bose Road, Parrys, Chennai-600001.	Mr. Venkateswaran Suryanarayanan	Mr. Ashwani Kumar Arora	044-40445400/044-40445550 Web:www.cholainsurance.com

6	Manipal Cigna Health Insurance Company Limited	401/402, 4th Floor, Raheja Titanium, Off Western Express Highway, Goregaon (East), Mumbai - 400 063	Mr. Prasun Kumar Sikdar	Mr. Joydeep Saha	Phone: 1800-102-4462 Web address: www.manipalcigna.com
7	Navi General Insurance Limited	AMR Tech Park, Ground Floor, No. 23 & 24, Hosur Road, Bommanahalli, Bengaluru-560 068.	__	__	Phone: 18001230004 Web: www.naviinsurance.com
8	Edelweiss General Insurance Co. Ltd.	Edelweiss House, Off CST Road, Kalina, Mumbai 400098	Ms. Shubhdarshini Ghosh	Ms. Tania Chakrabarti	Phone : 022-22864400 Web: www.edelweissinsurance.com
9	ECGC Limited	Express Towers, 10th Floor, Nariman Point, Mumbai-400021	Mr. M. Senthilnathan	Ms. Priscilla Sinha	Phone: 022 66590 610 / 022 66590 510 Web: www.ecgc.in
10	Future Generali India Insurance Co Ltd	Unit number 801 & 802 8th floor, Tower C, Embassy 247 Park L.B.S Marg, Vikhroli (west) Mumbai 400083	Mr. Anup Rau	Mr. Jatin Arora	Phone : + 91-022-40976601 Web: www.general.futuregenerali.in
11	Go Digit General Insurance Limited	1 to 6 floors, Ananta One (AR One), Pride Hotel Lane, Narveer Tanaji Wadi, City Survey No.1579, Shivaji Nagar, Pune-411005;	Ms. Jasleen Kohli	Mr.Nikhil Kamdar	Phone: 7026061234/1800-258-5956 Web: www.godigit.com
12	HDFC ERGO General Insurance Co.Ltd.	HDFC House, 1st Floor, 165-166, Backbay Reclamation, H.T. Parekh Marg, Churchgate, Mumbai - 400020	Mr.Ritesh Kumar	Mr.Hiten B.Kothari	Phone: +91 22-66383600/ Fax No.: +91 22-66383699 Web: www.hdfcergo.co
13	ICICI LOMBARD General Insurance Co. Ltd.	ICICI Lombard House, 414, Veer Savarkar Marg Near Siddhivinayak Temple, Prabhadevi Mumbai 400025, India	Mr. Bhargav Dasgupta	Mr. Prasun Kumar Sarkar	Phone: 1800 2666 / Fax: 022 - 61961323 Web: www.icicilombard.com
14	IFFCO TOKIO General Insurance Co. Ltd.	IFFCO Tower II, 4th & 5th Floor, Plot No. 3,Sector 29, Gurugram-122001	Mr. H. O Suri	Ms. Isha Khera	Phone: 0124-2850100/ Fax: + 91-0124-2577923,2

					577924 Web: www.iffcotokio.co.in
15	Kotak Mahindra General Insurance Company Limited	8th Floor, Kotak Towers, Building No. 21, Infinity Park, Off Western Express Highway, Malad (E), Mumbai – 400 097	Mr. Suresh Agarwal	Mr. Mehul Shah	Phone No - 02242858601 Web: www.kotakgeneral.com
16	Liberty General Insurance Ltd.	10th floor, Tower A, Peninsula Business Park, Ganpat Rao Kadam Marg, Lower Parel, Mumbai - 400013	Mr. Roopam Asthana	Mr. Ryan Samaratunga	Phone: 1800-266-5844 Web: www.libertyinsurance.in
17	Magma HDI General Insurance Co. Ltd.	Unit No. 1B & 2B, 2nd floor, Equinox Business Park, Tower – 3, LBS Marg, Kurla (West), Mumbai – 400070	Mr. Rajive Kumaraswami	Mr. Shivendra Tripathi	Phone: 022-67284800 Web: www.magma-hdi.co.in
18	Niva Bupa Health Insurance Co Ltd.	C-98 Lajpat Nagar, Part 1, New Delhi-110024	Mr. Krishnan Ramachandran	Mr. Vishwanath Mahendra	Phone : + 91-11-30902000 Web: www.nivabupa.com
19	National Insurance Co. Ltd.	3, Middleton Street, Prafulla Chandra Sen Sarani , Kolkata, West Bengal, 700071.	Ms. Suchita Gupta	Mr.Ashok Kumar Lahoty	Phone: 033-22831705 Fax: 033-22831740 Web: https://nationalinsurance.nic.co.in
20	Raheja QBE General Insurance Co. Ltd.	Raheja QBE General Insurance Co. Ltd. Ground Floor, P&G Plaza, Cardinal Gracious Road, Chakala, Andheri (East),Mumbai - 400099	Mr. Pankaj Arora	Mr. Rohit Ajgaonkar	Phone: 022- 4231 3888 Fax : 022-4231 3777 Web: www.rahejaqbe.com
21	Reliance General Insurance Co.Ltd	Reliance General Insurance Company Limited 6th Floor, Oberoi Commerz, International Business Park, Oberoi Garden City, Off Western Express Highway, Goregaon (East), Mumbai – 400063	Mr. Rakesh Jain	Mr. A V Karthikeyan	Phone: 022-33031000 Fax : 022-33034662 Web: www.reliancegeneral.co.in
22	Care Health	Vipul Tech Square, Tower C, 3rd	Mr. Anuj	Mr.	Tel: 0124 -

	Insurance Ltd(formerly known as Religare Health Insurance Co. Ltd.)	Floor Sector- 43, Golf Course Road, Gurgaon -122009	Gulati	Irvinder Singh Kohli	6141810 Fax: 0124 - 6141894 Web: www.careinsurance.com
23	Royal Sundaram General Insurance Co. Ltd.	"Vishranthi Melaram Towers", No.2/319, Rajiv Gandhi Salai (OMR), Karapakkam, Chennai-600097	Mr.M S Sreedhar	Mr.A V Ramanan	Phone: 044-71177117 Web: www.royalsundaram.in
24	SBI General Insurance Company Limited	Fulcrum Building, 9th Floor, A&B wing, Sahar Road, Andheri (East), Mumbai 400099	Mr. Kishore Kumar Poludasu	__	Phone no : +91 22 4241 2000 Web : www.sbigeneral.in
25	Shriram General Insurance Company Limited	E-8, EPIP, RIICO Industrial Area, Sitapura, Jaipur - 302022 (Rajasthan)	Mr. Anil Kumar Aggarwal	Mr. Sourav Roy	Phone: + 91-141-4828400, 4951111, 3996700 Fax: + 91-141-2770692 / 93 Web Address: www.shriramgi.com
26	Star Health & Allied Insurance Co.Ltd.	Star Health & Allied Insurance Co.Ltd. 1, New Tank Street, Valluvar Kottam High Road, Nungambakkam, Chennai- 600 034	Mr. V. Jagannathan	Mr.Chandrashekhar Dwivedi	Phone: 044 – 28288800 Web: www.starhealth.in
27	Tata AIG General Insurance Co. Ltd.	Peninsula Business Park, Tower A, 15th Floor, G.K. Marg, Lower Parel, Mumbai – 400013	Mr.Neelesh Garg	Mr.Supriyo Chaki	Phone: 022-66699697 Web: www.tataaig.com
28	The New India Assurance Co. Ltd	87, M.G Road, Fort, Mumbai, Maharashtra – 400 001	Ms.Neerja Kapur	Mr Sharad Ramnarayanan	Phone: 022-22708100/Fax: 022-22700470 Web: www.newindia.co.in
29	The Oriental Insurance Company Limited	The Oriental Insurance Co. Ltd.,“Oriental House”,A-25/27, Asaf Ali Road, New Delhi-I 110 002	Mr Anjan Dey	Ms. Yogita Arora	Phone: 011-2326 5024, 2327 9221 Web: www.orientalinsurance.org.in

30	United India Insurance Company Limited	No.24, Whites Road, Chennai -600014	Mr. Satyajit Tripathy	Mr. Palreddy Vishnuvardhan	Phone : 044-28520958/28525275: Fax: 044-28525280 Web: www.uiic.co.in
31	Universal Sompo General Insurance Co. Ltd.	No.103, 1st Floor, Ackruti Star, MIDC Central Road, Andheri (East), Mumbai-400093 , Maharashtra	Mr.Sharad Mathur	Mr.Vikas Garg	Phone: 022-29211800 / Fax :022 29211844 Web: www.universalsompo.com

Regulatory Authorities:

1. Insurance Regulatory and Development Authority:

The IRD Act has established the Insurance Regulatory and Development Authority ("IRDA" or "Authority") as a statutory regulator to regulate and promote the insurance industry in India and to protect the interests of holders of insurance policies. The IRD Act also carried out a series of amendments to the Act of 1938 and conferred the powers of the Controller of Insurance on t he IRDA. The members of the IRDA are appointed by the Central Government from amongst persons of ability, integrity and standing who have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law, accountancy, administration etc. The Authority consists of a chairperson, not more than five whole-time members and not more than four part-time members.

The Authority has been entrusted with the duty to regulate, promote and ensure the orderly growth of the insurance and re-insurance business in India. In furtherance of this responsibility, it has been conferred with numerous powers and functions which include prescribing regulations on the investments of funds by insurance companies, regulating maintenance of the margin of solvency, adjudication of disputes between insurers and intermediaries, supervising the functioning of the Tariff Advisory Committee, specifying t he percentage of premium income of the insurer to finance schemes for promoting and regulating professional organizations and specifying the percentage of life insurance business and general insurance business to be undertaken by the insurer in the rural or social sector.

2. Tariff Advisory Committee:

The Tariff Advisory Committee ("Advisory Committee") is a body corporate, which controls and regulates the rates, advantages, terms and conditions offered by insurers in the general insurance business. The Advisory Committee has the authority to require any insurer to supply such information or statements necessary for discharge of its functions. Any insurer failing to comply with such provisions shall be deemed to have contravened the provisions of the Insurance Act. Every insurer is required to make an annual payment of fees to the Advisory Committee of an amount not exceeding in case of reinsurance business in India, one percent of the total premiums in respect of facultative insurance accepted by him in India; and in case of any other insurance business, one percent of the total gross premium written direct by him in India.

3. Insurance Association of India, Councils and Committees:

All insurers and provident societies incorporated or domiciled in India are members of the Insurance Association of India ("Insurance Association") and all insurers and provident societies incorporated or domiciled elsewhere than in India are associate members of the Insurance Association. There are two councils of the Insurance Association, namely the Life Insurance Council and the General Insurance Council. The Life Insurance Council, through its Executive Committee, conducts examinations for individuals wishing to qualify themselves as insurance agents. It also fixes the limits for actual expenses by which the insurer carrying on life insurance business or any group of insurers can exceed from the prescribed limits under the Insurance Act. Likewise, the General Insurance Council, through its Executive Committee, may fix the limits by which the actual expenses of management incurred by an insurer carrying on general insurance business may exceed the limits as prescribed in the Insurance Act.

4. Ombudsmen:

The Ombudsmen are appointed in accordance with the Redressal of Public Grievances Rules, 1998, to resolve all complaints relating to settlement of claims on the part of insurance companies in a cost-effective, efficient and effective manner. Any person who has a grievance against an insurer may make a complaint to an Ombudsman within his jurisdiction, in the manner specified. However, prior to making a complaint, such person should have made a representation to the insurer and either the insurer has rejected the complaint or has not replied to it. Further, the complaint should be made not later than a year from the date of rejection of the complaint by the insurer and should not be any other proceedings pending in any other court, Consumer Forum or arbitrator pending on the same subject matter. The Ombudsmen are also empowered to receive and consider any partial or total repudiation of claims by an insurer, any dispute in regard to the premium paid in terms of the policy, any dispute on the legal construction of the policies in as much such a dispute relates to claims, delay in settlement of claims and the non-issue of any insurance document to customers after receipt of premium.

The Ombudsmen act as a counsellor and mediator and make recommendations to both parties in the event that the complaint is settled by agreement between both the parties. However, if the complaint is not settled by agreement, the Ombudsman may pass an award of compensation within three months of the complaint, which shall not be in excess of which is necessary to cover the loss suffered by the complainant as a direct consequence of the insured peril, or for an amount not exceeding rupees two million (including ex gratia and other expenses), whichever is lower.

Insurance Act, 1938:

Insurance Act, 1938 is the one which defines the business of insurance and the minimum requirement of an organization to perform the business. The latest amendment was done in 2015.

Section 2(7A): Indian Insurance Company

"Indian insurance company" means any insurer, being a company which is limited by shares, and, (a) which is formed and registered under the Companies Act, 2013 as a public company or is converted into such a company within one year of the commencement of the Insurance Laws (Amendment) Act, 2015;

(b) in which the aggregate holdings of equity shares by foreign investors, including portfolio investors, do not exceed forty-nine percent of the paid up equity capital of such Indian insurance company, which is Indian owned and controlled, in such manner as may be prescribed.
Explanation. For the purposes of this sub-clause, the expression "control" shall include the right to appoint a majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;
(c) whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business or health insurance business.

Section 2(8A): Insurance Cooperative Society

Any insurer being a cooperative society,
(a) which is registered on or after the commencement of the Insurance (Amendment) Act, 2002 (42 of 2002), as a co-operative society under the Co-operative Societies Act, 1912 (2 of 1912) or under any other law for the time being in force in any State relating to Co-operative Societies or under the Multi-State Co-operative Societies Act, 1984 (51 of 1984)
(b) having a minimum paid-up capital of rupees one hundred crore in case of life insurance business, general insurance business and health insurance business;
(c) in which no body corporate, whether incorporated or not, formed or registered outside India, either by itself or through its subsidiaries or nominees, at any time, holds more than twenty-six percent of the capital of such Co-operative Society;
(d) whose sole purpose is to carry on life insurance business or general insurance business or health insurance business in India;

Section 2(9): Insurer

"Insurer" means-
(a) an Indian Insurance Company, or
(b) a statutory body established by an Act of Parliament to carry on insurance business, or
(c) an insurance co-operative society, or
(d) a foreign company engaged in re-insurance business through a branch established in India.
Explanation. For the purposes of this sub-clause, the expression "foreign company" shall mean a company or body established or incorporated under a law of any country outside India and includes Lloyd's established under the Lloyd's Act, 1871 (United Kingdom) or any of its Members. The minimum net owned funds requirement is Rs.5,000 Crore.

Section 2(11): Life Insurance Business

“Life Insurance Business” means the business of effecting contracts of insurance upon human life, including any contract whereby the payment of money is assured on death (except death by accident only) and the happening of any contingency dependent on human life, and any contract which is subject to payment of premiums for a term dependent on human life and shall be deemed to include
(a) the granting of disability and double or triple indemnity accident benefits, if so provided in the contract of insurance;
(b) the granting of annuities upon human life; and
(c) the granting of superannuation allowances and annuities payable out of any fund applicable solely to the relief and maintenance of persons engaged or who have been engaged in any particular profession, trade or employment or of the dependents of such persons.”

Explanation. For the removal of doubts, it is hereby declared that "Life Insurance Business" shall include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a component of investment and a component of insurance issued by an insurer.

Section 2(6-A): Fire Insurance business

"Fire Insurance business" means the business of effecting, otherwise than incidentally to some other class of insurance business, contracts of insurance against loss by or incidental to fire or other occurrence customarily included among the risks insured in fire insurance policies.

Section 2(6-B): General Insurance business

"General insurance business" means fire, marine or miscellaneous insurance business, whether carried on singly or in combination with one or more of them.

Section 2(6-C): Health Insurance business

"Health Insurance business" means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient travel cover and personal accident cover.

Section 2(13-A): Marine Insurance Business

"Marine Insurance Business" means the business of effecting contracts of insurance upon vessels of any description, including cargoes, freights and other interests which may be legally insured, in or in relation to such vessels, cargoes and freights, goods, wares, merchandise and property of whatever description insured for any transit by land or water, or both, and whether or not including warehouse risks or similar risks in addition or as incidental to such transit, and includes any other risks customarily included among the risks insured against in marine insurance policies.

Section 2(13-B): Miscellaneous insurance business

"Miscellaneous insurance business" means the business of effecting contracts of insurance which is not principally or wholly of any kind or kinds included in Section 2 (6-A), (11) and (13-A) of the Insurance Act, 1938."

Principles of Insurance Law:

Where there is a positive enactment of the Indian legislature, the language of the statute is applied t o the facts of the case. However, the common law of England is often relied upon in consideration of justice, equity and good conscience.

1. Utmost Good Faith:

A contract of insurance is a contract uberrimea fidei i.e., a contract of utmost good faith. This is a fundamental principle of insurance law. Both the parties to the contract are required to observe utmost good faith and should disclose every material fact known to them. There is no difference between a contract of insurance and any other contract except that in a contract of insurance there is a requirement of utmost good faith. The burden of proof to show non-disclosure or misrepresentation is on the insurance company and the onus is a heavy one. The duty of good faith is of a continuing nature in as much no material alteration can be made to the terms of the contract without the mutual consent

of the parties. Just as the assured has a duty to disclose all the material facts, the insurer is also under an obligation to do the same . The insurer cannot subsequently demand additional premium nor can he escape liability by contending that the situation does not warrant the insurance cover.

The Insurance Act, 1938 lays down that an insurance policy cannot be called in question two years after it has been in force for two years. This was done to obviate the hardships of the insured when the insurance company tried to avoid a policy, which has been in force for a long time, on the ground of misrepresentation. However, this provision is not applicable when the statement was made fraudulently.

2. Misrepresentation:

Representations are statements, made by one party to the other, either prior to or while entering into an insurance contract, of some matter or circumstances relating to it and which is not an integral part of the contract. These statements are said to have fulfilled their obligations when the final acceptance on the policy is conveyed.

A mere recital of representations made at the time of entering into the contact will not make them warranties. However, if representations are made an integral part of the contract they become warranties, and, in case of their being untrue, the policy can be avoided, even if the loss does not arise from the fact concealed or misrepresented. A policy of life insurance cannot be called in question on the ground of misrepresentation after a period of two years from the commencement of the policy. In dealing with representations as circumstances invalidating a contract, consideration should be paid as to whether such representations are willful or innocent and whether they are preliminary or for part of the contract. The Insurance Act lays down three conditions to establish that the misrepresentation was willful; (a) the statement must be on a material matter or must suppress facts which it was material to disclose; (b) the suppression must be fraudulently made by the policy holder; and (c) the policy- holder must have known at the time of making the statement that it was false or that it suppressed facts which it was material to disclose. The burden of proof of establishing that the insured had in fact suppressed material facts in obtaining insurance is on the insurer and all the aforesaid conditions are required to be proved cumulatively.

3. Warranties:

A warranty may be distinguished from a representation in as much a representation may be equitably and substantially answered but a warranty must be strictly complied with. A breach of warranty will avoid the policy, although it may not relate to a matter material to the risk insured. Warranties may be express or implied, if it is condition implied by law. However, implied warranties are mostly confined to marine insurance. The Marine Insurance Act defines a warranty as a promise whereby the assured undertakes that some particular thing shall or shall not be done, or that some condition shall be fulfilled, or affirms or negatives the existence of a particular state of facts.

The statements must be true in fact without any qualification of judgement, opinion or belief. The warranty should be in the policy or must be incorporated by reference. If any of the statements or representations made by the assured in the proposal have been made the “basis” of the contract and they are found to be untrue, the contract of insurance would be void and unenforceable in law,

irrespective of the question whether the statement, concerned is of a material nature or not. However, non-compliance of a warranty is excused when, by reason of a change of circumstances, the warranty ceases to be applicable to the circumstances of the contract, or when compliance with the warranty is rendered unlawful by any subsequent law or when such a warranty has not been mentioned in the policy.

4. Conditions:

Conditions are terms which prescribe the limitations under which an insurance policy is granted and which specify the duties of the assured. They can be either conditions precedent or subsequent. Conditions precedent are those, which are essential for the creation of a valid contract, the non-satisfaction of which makes the contract void ab initio. Conditions subsequent relate to the continuance of a valid contract, the non-fulfilment of which leads to the avoidance of the contract from the date of the breach.

They can be further classified into express conditions and implied conditions. Implied conditions are those, which are implied by law to apply t o every contract of insurance irrespective of any specific inclusion or reference to them such as insurable interest, good faith etc. A condition, which seeks to reduce or curtail the period of limitation and prescribes a shorter period than that prescribed by law is void. However, the insured is absolved once it is shown that he has done everything in his power to keep, honour and fulfil the promise and he himself is not guilty of a deliberate breach. An insurer cannot take recourse to a condition, which has not been mentioned in the policy to reduce his liability. However, an insurance policy may not curtail the right but may merely provide for forfeiture or waiver of any such right and such a right would be enforceable against either party.

5. Indemnity and Subrogation:

Most kinds of insurance policies other than life and personal accident insurance are contracts of indemnity whereby the insurer undertakes to indemnify the insured for the actual loss suffered by him as a result of the occurring of the event insured against. Even within the maximum limit, the insured cannot recover more than what he establishes to be his actual loss. A contract of marine insurance is an agreement whereby the insurer undertakes to indemnify the insured to the extent agreed upon.

Although the insured is to be placed in the same position as if the loss has not occurred, the amount of indemnity may be limited by certain conditions:

- Injury or loss sustained by the insured has to be proved.
- The indemnity is limited to the amount specified in the policy
- The insured is indemnified only for the proximate causes.
- The market value of the property determines the amount of indemnity.

Indemnity is a fundamental principle of insurance law, and the principle of Subrogation is a corollary of this principle in as much the insured is precluded from obtaining more than the loss he has sustained. The most common form of subrogation is when an insurance company pays a claim caused by the negligence of another. The doctrine of subrogation confers two specific rights on the insurer. Firstly, the insurer is entitled to all the remedies which the insured has against the third party incidental to the subject matter of the loss, such that the insurer can take advantage of any means available to

extinguish or diminish, the loss for which the insurer has indemnified the insured. Secondly, the insurer is entitled to the benefits received by the assured from the third party with a view to compensate himself for the loss.

The fact that an insurer is subrogated to the rights and remedies of the insured does not ipso jure enable him to sue third parties in his own name. It will only entitle the insurer to sue in the name of insured, it being an obligation of the insured to lend his name and assistance to such an action.

An insurance policy may contain a special clause whereby the insured assigns all his rights, against third parties, in favour of the insurer. In case of subrogation, which vest by operation of law rather than as the product of express agreement, the insurer would be entitled to only to the extent of his loss. The excess amount, if any, would be returned to the insured.

6. Proximate Cause:

The doctrine of proximate cause is expressed in the maxim 'Causa Proxima non remota spectator', which means that the proximate and not the remote cause, shall be taken as the cause of loss. The insurer is thus has to make good the loss of the insured that clearly and proximately results, whether directly or indirectly, from the event insured against in the policy. The burden of proof that the loss occurred on account of the proximate cause, lies on the insured.

As per the Marine Insurance Act, unless the insurance policy states otherwise, the insurer is liable for any loss proximately caused by a peril insured against, but he is not liable for any loss which is not proximately caused by a peril insured against. An insurer would therefore be exempted from liability when the cause of loss falls within the exceptions of the policy. The Marine Insurance Act further states that the insurer is not liable for any willful misconduct of the insured i.e. the assured cannot recover for a loss where his own deliberate act is the proximate cause of it. Further, in the event of loss caused by the delay of the ship, the insurer cannot be held liable, irrespective of the proximity of the cause.

7. Insurance and Consumer Protection:

The Consumer Protection Act, 1986 (“Consumer Protection Act”) is one of the most important socio-economic legislation for the protect ion of consumers in India. The provisions of this Act are compensatory in nature, unlike other laws, which are either punitive or preventive. Insurance services fall within the purview of the Consumer Protection Act, in as much, any deficiency in service of the insurance company would enable the aggrieved to make a complaint. Disputes between policyholders and insurers generally pertain to repudiation of the insurance claim or the matters connected with admission of the claim or computation of the amount of claim. In the case of assignment of all rights by the insured to the insurer, the consumer forum and he courts generally refuse to accept the locus standi of the insured.

The courts have held that insurance companies do not fall under the definition of “consumer” under the Consumer Protection Act, as no service is rendered to them directly. Neither the subrogation nor the transfer of the right of action would confer the legal status of a 'consumer' on the insurer, nor can the insurer be regarded as any beneficiary of any service. Therefore, the remedy available to the insurer is to file a suit in a civil court for recovery of the loss.

8. Insurable Interest:

To constitute insurable interest, it must be an interest such that the risk would by its proximate effect cause damage to the assured, that is to say, cause him to lose a benefit or incur a liability. The validity of an insurance contract, in India, is dependent on the existence of an insurable interest in the subject matter. The person seeking an insurance policy must establish some kind of interest in the life or property to be insured, in the absence of which, the insurance policy would amount to a wager and consequently void in nature.

The test for determining if there is an insurable interest is whether the insured will in case of damage to the life or property being insured, suffer pecuniary loss. A person having a limited interest can also insure such interest.

Insurable interest varies depending on the nature of the insurance. The controversy as to the existence of an insurable interest between spouses was settled by the court, which held that such an interest could exist as neither was likely to indulge in any 'mischievous game'. The same analogy may be extended to parents and children. Further, the courts have also held that such an insurable interest would exist for a creditor (in a debtor) and for an employee (in an employer) to the extent of the debt incurred and the remuneration due, respectively.

The existence of insurable interest at the time of happening of the event is another important consideration. In case of life and personal accident insurance it is sufficient if the insurable interest is present at the time of taking the policy. However, in the case of fire and motor accident insurance the insurable interest has to be present both at the time of taking the policy and at the time of the accident. The case is completely different with marine insurance wherein there need not be any insurable interest at the time of taking the policy.

9. Commencement of Policy:

The general rule on the formation of a contract, as per the Indian Contract Act, is that the party to whom the offer has been made should accept it unconditionally and communicate his acceptance to the person making the offer. Whether the final acceptance is to be made by the insured or insurer really depends on the negotiations of the policy.

Acceptance should be signified by some act as agreed upon by the parties or from which the law raises a presumption of acceptance. The mere receipt or retention of premium until after the death of the applicant or the mere preparation of the policy document is not acceptance. Nonetheless, acceptance may be presumed upon the retention of the premium. However, mere delay in giving an answer cannot be construed as acceptance. Also, silence does not denote consent and no binding contract arises until the person to whom an offer is made says or does something to signify his acceptance.

When the policy is of a particular date, it would cover the liability of the insurer from the previous midnight preceding the same date. However, where there is a special contract to the contrary in the policy, the terms of the contract would prevail. Hence where the time of the issue of the insurance policy is mentioned, then the liability would be covered only from the time when it was issued.

Registration of Insurance Companies:

IRDA may register the applicant as an insurer and grant him a certificate of registration if, on receipt of an application for registration and after making such inquiry as he deems fit, the Authority is satisfied that
(a) the financial condition and the general character of management of the applicant are sound;
(b) the volume of business likely to be available to, and the capital structure and earning prospects of, the applicant will be adequate
(c)) the interests of the general public will be served if the certificate of registration is granted to the applicant in respect of the class or classes of insurance business specified in the application; and
(d)) the applicant has complied with the provisions of sections 2C, 5 and 31A and has fulfilled all the requirements of this section applicable to him, the applicant has complied with the provisions of sections 2C, 5 and 31A and has fulfilled all the requirements of this section applicable to him.

Cancellation or Suspension of Registration:

The Authority may suspend or cancel the registration of an insurer either wholly or in so far as it relates to a particular class of insurance business, as the case may be,
(a) if the insurer fails, at any time, to comply with the provisions of section 64VA as to the excess of the value of his assets over the amount of his liabilities, or
(b) if the insurer is in liquidation or is adjudged as an insolvent, or
(c) if the business or a class of the business of the insurer has been transferred to any person or has been transferred to or amalgamated with the business of any other insurer without the approval of the Authority, or
(d) if the insurer makes default in complying with, or acts in contravention of, any requirement of this Act or of any rule or any regulation or order made or, any direction issued thereunder, or
(e) if the Authority has reason to believe that any claim upon the insurer arising in India under any policy of insurance remains unpaid for three months after final judgment in regular court of law, or
(f) if the insurer carries on any business other than insurance business or any prescribed business, or
(g) if the insurer makes a default in complying with any direction issued or order made, as the case may be, by the Authority under the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), or
(h) if the insurer makes a default in complying with, or acts in contravention of, any requirement of the Companies Act, 2013 (18 of 2013) or the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972) or the Foreign Exchange Management Act, 1999 (42 of 1999) or the Prevention of Money Laundering Act, 2002 (15 of 2002), or
(i) if the insurer fails to pay the annual fee required under section 3A, or
(j) if the insurer is convicted for an offence under any law for the time being in force, or
(k) if the insurer being a co-operative society set up under the relevant State laws or, as the case may be, the Multi-State Co-operative Societies Act, 2002 (39 of 2002), contravenes the provisions of law as may be applicable to the insurer.

Capital Requirements:

(1) No insurer not being an insurer as defined in sub-clause (d) of clause (9) of section 2, carrying on the

business of life insurance, general insurance, health insurance or re-insurance in India or after the commencement of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall be registered unless he has,
(i) a paid-up equity capital of rupees one hundred crore, in case of a person carrying on the business of life insurance or general insurance; or
(ii) a paid-up equity capital of rupees one hundred crore, in case of a person carrying on exclusively the business of health insurance; or
(iii) a paid-up equity capital of rupees two hundred crore, in case of a person carrying on exclusively the business as a re-insurer: Provided that the insurer, may enhance the paid-up equity capital, as provided in this section in accordance with the provisions of the Companies Act, 2013 (18 of 2013), the Securities and Exchange Board of India Act, 1992 (15 of 1992) and the rules, regulations or directions issued thereunder or any other law for the time being in force: Provided further that in determining the paid-up equity capital, any preliminary expenses incurred in the formation and registration of any insurer as may be specified by the regulations made under this Act, shall be excluded.
(2) No insurer, as defined in sub-clause (d) of clause (9) of section 2, shall be registered unless he has net owned funds of not less than rupees five thousand crore.

Capital Structure and Voting Rights Requirements:

No public company limited by shares having its registered office in India, shall carry on life insurance business or general insurance business or health insurance business or re-insurance business, unless it satisfies the following conditions, namely:
(i) that the capital of the company shall consist of equity shares each having a single face value and such other form of capital, as may be specified by the regulations;
(ii) that the voting rights of shareholders are restricted to equity shares;
(iii) that, except during any period not exceeding one year allowed by the company for payment of calls on shares, the paid-up amount is the same for all shares, whether existing or new:
Provided that the conditions specified in this sub-section shall not apply to a public company which has, before the commencement of the Insurance (Amendment) Act, 1950 (47 of 1950), issued any shares other than ordinary shares each of which has a single face value or any shares, the paid-up amount whereof is not the same for all of them for a period of three years from such commencement.]

Notwithstanding anything to the contrary contained in any law for the time being in force or in the memorandum or articles of association but subject to the other provisions contained in this section the voting right of every shareholder of any public company as aforesaid shall in all cases be strictly proportionate to the paid-up amount of the equity shares held by him.

Separation of Accounts and Funds:

- Where the insurer carries on business of more than one of the following classes, namely, life insurance, fire insurance, marine insurance or miscellaneous insurance, he shall keep a separate account of all receipts and payments in respect of each such class of insurance business.
- Where the insurer carries on the business of life insurance [all receipts due in respect of such business], shall be carried to and shall form a separate fund to be called the life insurance fund the assets of which shall, be kept distinct and separate from all other assets of the insurer and the deposit made by the insurer in respect of life insurance business.

- The life insurance fund shall be as absolutely the security of the life policy-holders as though it belonged to an insurer carrying on no other business than life insurance business and shall not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance and shall not be applied directly or indirectly for any purposes other than those of the life insurance business of the insurer.

Accounts and Balance Sheet:

(1) Every insurer, on or after the date of the commencement of the Insurance Laws (Amendment) Act, funds, shall, at the expiration of each financial year, prepare with reference to that year, balance sheet, a profit and loss account, a separate account of receipts and payments, a revenue account in accordance with the regulations as may be specified.
(2) Every insurer shall keep separate accounts relating to funds of shareholders and policyholders.
(3) Unless the insurer is a company as defined in clause (20) of section 2 of the Companies Act, 2013 (18 of 2013), the accounts and statements referred to in sub-section (1) shall be signed by the insurer, or in the case of a company by the chairman, if any, and two directors and the principal officer of the company, or in case of an insurance cooperative society by the person in charge of the society and shall be accompanied by a statement containing the names, descriptions and occupations of, and the directorships held by, the persons in charge of the management of the business during the period to which such accounts and statements refer and by a report on the affairs of the business during that period.

Audit:

The balance sheet, profit and loss account, revenue account and profit and loss appropriation account of every insurer, in respect of all insurance business transacted by him, shall, unless they are subject to audit under the Companies Act, 2013 (18 of 2013), be audited annually by an auditor, and the auditor shall in the audit of all such accounts have the powers of, exercise the functions vested in, and discharge the duties and be subject to the liabilities and penalties imposed on, auditors of companies by section 147 of the Companies Act, 2013.

Investment of Assets:

Every insurer shall constitute an Investment Committee which shall consist of a minimum of two non-executive directors of the Insurer, the Principal Officer, Chiefs of Finance and Investment divisions, and wherever appointed actuary is present, the Appointed Actuary. The decisions taken by the Investment Committee shall be properly recorded and be open to inspection by the officers of the Authority.

(1) Life Business: Without prejudice to Section 27 or Section 27A of the Act, - Every insurer carrying on the business of life-insurance shall invest and at all times keep invested his controlled fund in the following manner:

S.No	Type of Investment	Percentage
i)	Government Securities	25%,
ii)	Government Securities or other approved securities (including (I) above)	Not less

		than 50%,
iii)	Approved Investments as specified in **Schedule I**	
a)	Infrastructure and Social Sector Explanation: For the purpose of this requirement, Infrastructure and Social Sector shall have the meaning as given in regulation 2(h) of Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000 and as defined in the Insurance Regulatory and Development Authority (Obligations of Insurers to Rural and Social Sector) Regulations, 2000 respectively	Not less than 15%
b)	Others to be governed by Exposure/ Prudential Norms specified in Regulation 5	Not exceeding 20%
iv)	Other than in Approved Investments to be governed by Exposure/ Prudential Norms specified in Regulation 5	Not exceeding 15%

SCHEDULE I
(See Regulation 3)

LIST OF APPROVED INVESTMENTS FOR LIFE BUSINESS

'Approved Investments' for the purposes of Section 27A of the Act shall be as follows:
a. All approved investments specified in Section 27A of the Act except
i) clause (b) of sub-section (1) of section 27A of the Act;
ii) first mortgages on immovable property situated in other country as stated in clause (m) of subsection (1) of section 27A of the Act
iii) immovable property situated in other country as stated in clause (n) of subsection (1) of section 27A of the Act

In addition the Authority under powers given vide clause (s) of sub-section(1) section 27A of the Act declares the following investments as approved investments:

b. All secured loans, deposits, debentures, bonds, other debt instruments, shares and preference shares rated as 'very strong' or more by a reputed and independent rating agency (e.g. AA of Standard and Poor);
c. Deposits with banks (e.g. in current account, call deposits, notice deposits, term deposits, certificates of deposits, etc) and with Primary Dealers recognised by RBI included for the time being in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);
d. Commercial papers issued by a company having a 'very strong' or more rating by a reputed and independent rating agency (e.g. AA of Standard and Poor);
e. Investments in Venture Capital Funds of such companies/ organisations which have a proven track record and have been rated 'very strong' or more by a reputed and independent rating agency (e.g. AA of Standard and Poor).

Explanation: For this purpose any investment in the shares or debentures or short or medium or long term loans or deposits with private limited companies shall not be treated as 'approved investments'.

(2) Pension and General Annuity Business: Every insurer shall invest and at all times keep invested assets of Pension Business, General Annuity Business and Group Business in the following manner:-

S.No	Type of Investment	Percentage
i)	Government securities, being not less than	20%
Ii)	Government Securities or other approved securities inclusive of (i) above, being not less than	40%
iii)	Balance to be invested in Approved Investments as specified in **Schedule I** and to be governed by Exposure/ Prudential Norms specified in Regulation 5	Not exceeding 60%

Note: For the purposes of this sub-regulation:
a) No unapproved investments shall be made.
b) All investments shall be made in graded securities and the grading shall not be less than of 'very strong' rating by a reputed and independent rating agency (e.g. AA of Standard and Poor).
c) Every insurer shall invest assets in securities which are actively traded in any Stock Exchange in India and which are attributable to segregated funds, in respect of linked business.

(3) General Business: Without prejudice to Section 27 or Section 27B of the Act, - Every insurer carrying on the business of general insurance shall invest and at all times keep invested his total assets in the manner set out below:

S.No	Type of Investment	Percentage
i)	Central Government Securities **being not less than**	20%
ii)	State Government securities and other Guaranteed securities including (i) above **being not less than**	30%
iii)	Housing and Loans to State Government for Housing and Fire Fighting equipment, **being not less than**	5%
iv)	Investments in Approved Investments as specified in **Schedule II**	
a)	Infrastructure and Social Sector Explanation: For the purpose of this requirement, Infrastructure and Social Sector shall have the meaning as given in regulation 2(h) of Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000 and as defined in the Insurance Regulatory and Development Authority (Obligations of Insurers to Rural and Social Sector) Regulations, 2000 respectively	Not less than 10%
b)	Others to be governed by Exposure/ Prudential Norms specified in Regulation 5	Not exceeding 30%
v)	Other than in Approved Investments to be governed by Exposure/ Prudential Norms specified in Regulation 5	Not exceeding 25%

Note:
All investments shall be made in graded securities and the grading shall not be less than of 'very strong' rating by a reputed and independent rating agency (e.g. AA of Standard and Poor).

SCHEDULE II
(See Regulation 4)

LIST OF APPROVED INVESTMENTS FOR GENERAL BUSINESS

'Approved Investments' for the purpose of Section 27B of the Act shall be as follows:

a. All approved investments specified in Section 27B of the Act except
i) clause (b) of sub-section (1) of section 27A of the Act;
ii) immovable property situated in other country as stated in clause (n) of subsection (1) of section 27A of the Act
iii) first mortgages on immovable property situated in other country as stated in clause (i) of subsection (1) of section 27B of the Act

In addition the Authority under powers given vide clause (j) of sub-section(1) section 27B of the Act declares the following investments as approved investments:

b. All secured loans, deposits, debentures, bonds, other debt instruments, shares and preference shares rated as 'very strong' or more by a reputed and independent rating agency (e.g. AA of Standard and Poor);
c. Loans to State Government for Housing and Fire Fighting Equipment.
d. Deposits with banks (e.g. in current account, call deposits, notice deposits, term deposits, certificates of deposits, etc) and with Primary Dealers recognised by RBI included for the time being in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);
e. Commercial papers issued by a company having a 'very strong' or more rating by a reputed and independent rating agency;
f. Treasury Bills issued by RBI, Inter Bank Repo of RBI and Bills Rediscounting.
g. Investments in Venture Capital Funds of such companies/ organisations which have a proven track record and have been rated 'very strong' or more by a reputed and independent rating agency (e.g. AA of Standard and Poor).

Explanation: For this purpose any investment in the shares or debentures or short or medium or long term loans or deposits with private limited companies shall not be treated as 'approved investments'.

(4) Reinsurance Business: Every reinsurer carrying on reinsurance business in India shall invest and at all times keep invested his total assets in the same manner as set out in sub-regulation (1), until such time separate regulations in this behalf are made by the Authority.

Exposure Norms:
Without prejudice to anything contained in Sections 27A and 27B of the Act, every insurer shall limit his investments based on the following exposure norms:

Type of Investment	Limit for Investee Company	Limit for the entire group to which the investee company belongs	Limit for the industry sector to which the investee company belongs
(a) Equity/ Preference Shares/ Convertible portion of Debentures at face value. (b) Debentures - (face value) including private placed NCD and Non convertible portion of Convertible Debentures. (c) Short/ Medium/ Long Term Loans and any other direct financial assistance.	(i) **As on any date** Not exceeding 20% of the total capital employed*.	(i) **As on any date** Not exceeding 15% of the total capital employed* of the group companies.	Not exceeding 15% of the total capital employed* in all such companies.
	(ii) **During the year** Not exceeding 5% of estimated annual accretion of funds.	(ii) **During the year** Not exceeding 10% of estimated annual accretion of funds.	

* Total capital employed means total of equity shares, preference shares, debentures, long/ medium/ short term loans (excluding public deposits), free reserves but excluding revaluation reserves, of the investee company as shown in its last audited balance sheet.

Exposure Norms for Investment in Public Financial Institutions:

Equity Share and Preference Shares (at their face value).	Not exceeding 15% in general of the paid up equity/ preference capital of the institution or the existing holding % level, if higher.
Investment in Equity Capital, Bonds, Debentures, Term Loans.	Not exceeding 10% of the capital employed by an institution as per the last audited Balance Sheet.
Total Investment vis-à-vis Net Worth of the Company.	Not exceeding 60% of Net Worth of the institution.
Total Investment in a Financial Year.	7.5% of annual accretions.
Total Investments in all the Financial Institutions.	Annual aggregate financial assistance to all Development Financial Institutions put together in a single year shall not exceed 20% of the estimated annual accretions for the year.

Prudential Norms:

The prudential norms for various instruments shall be as under:

Norms for Fully Convertible Debentures and Partly Convertible Debentures:
Investment decisions are related to attractiveness of equity shares to be received as a result of conversion. Due consideration is also given to the factors, viz
a) rate of interest at the time of subscription to said debentures,
b) appreciation and
c) dividend income likely to be received from the equity shares.

Similar considerations also apply for Non-Convertible (NC) Debentures with detachable warrants attached to it.

Norms for Non-Convertible Debentures and Non-Convertible Debentures with warrants attached:

1.	Eligibility Amount	
a)	Working Capital Debentures	20% of the current assets, loans and advance minus outstanding amount of existing working capital NC Debentures.
b)	Project Finance	As appraised by the Investment Committee
c)	Normal Capital Expenditure	As assessed by the Investment Committee

Asset Cover (as specified in Schedule III):
First *pari passu* charge on fixed assets of the company offered as security with a minimum of 1.25 times including proposed borrowings (excluding revaluation of assets).

Asset Cover shows the relationship between Fixed Assets and secured loans. It is to be calculated by dividing Fixed Assets by Secured Loans. Details of working are as under:

FIXED ASSETS	
Net Block of the Fixed Assets	
Add: Capital Work in Progress	
Less: Revaluation Reserves	
Less: Goodwill	
Less: Assets not available viz exclusively charged assets. Vehicles, leased assets, etc.	
TOTAL (A)	
SECURED LOANS	
First Charge debentures	
Secured Term Loans	
Deferred Payment Guarantee (if assets are not exclusively charged)	
Proposed Borrowings	
TOTAL (B)	
Asset Cover (A/B)	

Debt Equity Ratio (as specified in Schedule III):

Not to exceed 2:1 including the proposed NC Debenture issue. However, in case of capital intensive project debentures, higher ratio upto 4:1 may be considered.

The relationship describing the lendor's contribution against owner's contribution shall be debt equity ratio. It shall be calculated by dividing long term debt by Networth. Details of working are as under:

First Charge Debentures (Gross Block less Depreciation)	
Secured Term Loan	
Deferred Payment Guarantee	
Second Charge Debentures	
Non-convertible Part of Existing convertible debentures	
Non-convertible Part of proposed convertible debentures	
Unsecured Term Loans	
Proposed Borrowings	
DEBT (A)	
Equity Share Capital	
Preference Share Capital	
Free Reserves	
Convertible part of Existing Convertible Debentures	
Convertible part of Proposed Convertible Debentures	
Total	
Less: Miscellaneous Expenses	
NET WORTH (B)	
Debt Equity Ratio (A/B)	

Interest Cover (as specified in Schedule III):

Not less than 2 times for the latest year or on the basis of the average of the immediately preceding three years after including the interest on the proposed debentures at the applicable rate.

Interest Cover shows the number of times the interest charges are covered by funds that are ordinarily available for payment. It shall be calculated by dividing Profit before depreciation, Interest and Tax (PBDIT) by Interest Charges. Details of working are as under:

Profit before Tax	
Add: Depreciation	
Add: Financial Charges	
Add: Non-Recurring Expenses	

Less: Non-Recurring Income	
PBDIT (A)	
Existing Financial Charges	
Add: Interest on proposed borrowings	
FINANCIAL CHARGES (B)	
Interest Cover (A/B)	

Dividend Pay-out:

Minimum dividend of 10% in each of the two years out of the immediately preceding three years including the latest year.

Term Deposits and Loans with Non Banking Companies:

The insurer need to place the deposits with a view to cater to working capital needs of the corporate sector. The placement of the deposit are to be decided after evaluating financial and non-financial aspects of the performance parameters of the companies. The analysis need to include study of financial position, track record and other features such as quality of management, future prospects and market potential for the company's products. Credit rating of borrower should be uniformly maintained at a position which is indicative of a very strong financial position being not less than AA of Standard and Poor or equivalent rating of any other reputed and independent rating agency.

The maximum amount of Short Term Deposit that may be placed with any company is restricted to Rs 2 crores or 10% of net worth whichever is less.

The various norms/ parameters for the placement of term loans are as under:

Particulars	**Limits**
Unsecured borrowing as a % of net worth.	Not to exceed 25% of net worth including the proposed loan, subject to networth of the borrowing company being not less than Rs. 15 crores.
Interest Cover.	Atleast 2.5 times including interest on proposed loans.
Debt/ Equity Ratio.	Not to exceed 2:1.
Current Ratio.	Not less than 1.33:1.
Dividend Record.	Atleast 10% for the last 5 years or 15% and above for 3 out of 5 years.
Listing	Equity shares of the Company shall be listed on any recognised stock exchange and the price should continuously been quoting above par atleast for 12 months prior to the date of sanction of loan.
Collateral Security	Cheques shall be obtained for principal and interest amount. Personal guarantee of promoters and pledge of shares may be taken.

Infrastructure and Social Sector:

In the case of projects/ works in the infrastructure and social sector undertaken by a person other than a company, the norms indicated in the table above shall have to be met to the extent applicable.

Guidelines on subscription to Preference Shares:

a) Companies whose preference shares are selected for investment should have sound financial position and steady income earning capacity.
b) The dividend payable on the preference shares should be cumulative.
c) The preference shares shall be redeemable.
d) Preference capital after proposed issue shall not exceed 100% of equity capital.
e) Dividend should have been paid on equity shares for two years out of immediately preceding three years.
f) Preference dividend should have been paid for 3 years or 3 out of 4 or 5 years including latest 2 years if the preference shares are issued earlier.
g) Non-dividend paying preference shares should not be considered for investment.
h) Dividend cover on the basis of average profit of last 3 to5 years should be 3 times.

Returns to be submitted by the Insurer:

Every insurer shall submit to the Authority the following returns within such time, at such intervals and verified / certified in such manner as indicated there against. These returns shall be in addition to those prescribed in Insurance Rules, 1939.

S.No	Form No as annexed to these regulations	Short description	Periodicity of returns	Time limit for submission	Verified/ Certified by
1	Form 1	Statement of investment and income on investment	Yearly	Within 30 days from the date of Board approval of audited accounts.	Principal Officer/ Chief (Investment)
2	Form 2	Statement of down graded investments.	Quarterly	Within 21 days of the end of each quarter.	Principal Officer/ Chief (Investment)
3	Form 3 A	Statement of Investment of Controlled Fund (Life) – Compliance Report	Quarterly	Within 21 days of the end of each quarter.	Principal Officer/ Chief (Investment)
4	Form 3 B	Statement of Investment of Total Assets (General) – Compliance Report	Quarterly	Within 21 days of the end of each quarter.	Principal Officer/ Chief (Investment)
5	Form 4	Prudential Investment Norms – Compliance Report	Yearly	Within 30 days from the date of Board approval of audited accounts.	Principal Officer/ Chief (Investment)

The Authority may, by any general or special order, modify or relax any requirement relating to the above.

Miscellaneous:

(1) Valuation of Assets and Accounting of Investments shall be as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000.
(2) The Authority may, by any general or special order, modify or relax requirement relating to regulation 5.

IRDA (Obligations of insurers to Rural or Social Sectors) Regulations, 2002:

Every insurer who begins to carry on the business of insurance in India should ensure that he undertakes the following obligations to provide life insurance or general insurance policies, during the first five financial years, to the persons residing in the rural sector or social sector, workers in the unorganised or informal sector or for economically vulnerable or backward classes of the society and other categories of persons and such insurance policies shall include insurance for crops.

Business in Rural and Social Sector:

Every insurer shall, after the commencement of the Insurance Regulatory and Development Authority Act, 1999 , undertake such percentages of life insurance business and general insurance business in the rural and social sectors, as may by specified, in the Official Gazette by the Authority, in this behalf.

"Rural sector" shall mean any place as per the latest census which meets the following criteria--
(i) a population of less than five thousand;
(ii) a density of population of less than four hundred per square kilometer; and
(iii) more than *twenty five* per cent of the male working population is engaged in agricultural pursuits.

Explanation :-
The categories of workers falling under agricultural pursuits are as under:
(i) Cultivators;
(ii) Agricultural labourers
(iii) Workers in livestock, forestry, fishing, hunting and plantations, orchards and allied activities.

"Social sector" includes unorganised sector, informal sector, economically vulnerable or backward classes and other categories of persons, both in rural and urban areas;

Unorganized Sector and Backward Classes:

Every insurer shall, after the commencement of the Insurance Regulatory and Development Authority Act, 1999, discharge the obligations specified under section 32B to provide life insurance or general insurance policies to the persons residing in the rural sector, workers in the unorganised or informal sector or for economically vulnerable or backward classes of the society and other categories of persons as may specified by regulations made by the Authority and such insurance policies shall include insurance for crops.

"Unorganised sector" includes self-employed workers such as agricultural labourers, bidi workers,

brick kiln workers, carpenters, cobblers, construction workers, fishermen, hamals, handicraft artisans, handloom and khadi workers, lady tailors, leather and tannery workers, papad makers, powerloom workers, physically handicapped self-employed persons, primary milk producers, rickshaw pullers, safai karmacharis, salt growers, seri culture workers, sugarcane cutters, tendu leaf collectors, toddy tappers, vegetable vendors, washerwomen, working women in hills, or such other categories of persons.,

“economically vulnerable or backward classes” means persons who live below the poverty line;

“other categories of persons” includes persons with disability as defined in the Persons with Disabilities (Equal Opportunities, Protection of Rights, and Full Participation) Act, 1995 and who may not be gainfully employed; and also includes guardians who need insurance to protect spastic persons or persons with disability;

“informal sector” includes small scale, self-employed workers typically at a low level of organisation and technology, with the primary objective of generating employment and income, with heterogeneous activities like retail trade, transport, repair and maintenance, construction, personal and domestic services and manufacturing, with the work mostly labour intensive, having often unwritten and informal employer-employee relationship;

Obligations:

Every insurer, who begins to carry on insurance business after the commencement of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall, for the purposes of sections 32B and 32C of the Act, ensure that he undertakes the following obligations, during the first five financial years, pertaining to the persons in---

(a) **rural sector,**

(i) in respect of *a life insurer*, --

(I) ***seven*** per cent in the first financial year;
(II) **nine** per cent in the second financial year;
(III) ***Twelve*** per cent in the third financial year;
(IV) ***Fourteen*** per cent in the fourth financial year;
(V) ***Sixteen*** per cent in the fifth year;

of total policies written direct in that year;

(ii) in respect of *a general insurer*,--

(I) ***two*** per cent in the first financial year;
(II) ***three*** per cent in the second financial year;
(III) ***five*** per cent there after,

of total gross premium income written direct in that year.

(b) **social sector**, in respect of all insurers, --

(I) ***five*** thousand lives in the first financial year;
(II) ***seven*** thousand five hundred lives in the second financial year;
(III) ***ten*** thousand lives in the third financial year;

(IV) ***fifteen*** thousand lives in the fourth financial year;
(V) ***twenty*** thousand lives in the fifth year;

Provided that in the first financial year, where the period of operation is less than twelve months, proportionate percentage or number of lives, as the case may be, shall be undertaken.

Provided further that, in case of a general insurer, the obligations specified shall include insurance for crops.

Provided further that the Authority may normally, once in every five years, prescribe or revise the obligations as specified in this Regulation.

IRDA (Micro Insurance) Regulations, 2015:

Insurance Regulatory and Development Authority of India (Micro Insurance) Regulations, 2015 shall come into force on the date of their publication in the Official Gazette and supersede IRDA (Micro Insurance) Regulations, 2005 from such date.

"general micro-insurance product" means any health insurance contract, any contract covering the belongings, such as, hut, livestock or tools or instruments or any personal accident contract, either on individual or group basis, as per terms stated in Schedule I of these regulations.

General Insurance policies issued to Micro, Small and Medium Enterprises as classified in Section (7) of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 under various lines of General insurance business will also be qualified as general micro insurance business up to Rs10,000 premium p.a. per MSM Enterprise.

SCHEDULE I (See Regulation 2 (d))

Type of Cover	Maximum Amount of Cover	Term of Cover Min.	Term of Cover Max.	Minimum Age at entry	Maximum age at entry
Dwelling and contents, or livestock or tools or implements or other names assets or crop insurance—against all perils	Rs.1,00,000 Per Asset/ Cover	1 year	1 year	N.A	N.A
Health Insurance Contract (Individual)	Rs. 1,00,000	1 year	1 year	Product specific	Product specific
Health Insurance Contract (Family/Group)	Rs. 2,50,000	1 year	1 year	Product specific	Product specific
Personal Accident (Individual/Family/Group)	Rs. 1,00,000	1 year	1 year	Product specific	Product specific

"life micro-insurance product" means a life insurance product designed as per terms stated in Schedule

II of these regulations;

SCHEDULE II (See Regulation 2 (e))

1. The sum assured under an Insurance product offering Life or pension or Health benefits shall not exceed an amount of Rs.2,00,000.
2. The Annual Premium shall not exceed Rs. 6000 p.a. in a Micro Variable Insurance product under Non Linked Non-Par platform.
3. Add-on riders may be offered in accordance to the provisions of the extant Regulations.
4. Micro Insurance schemes marketed to Groups with a minimum Group Size of 5.

"micro-insurance agent" means the following entities or individuals who are appointed as Micro Insurance Agents in accordance to these regulations

(i) a Non-Government Organisation (NGO);
(ii) a Self-Help Group (SHG);
(iii) a Micro-Finance Institution (MFI)
(iv) RBI regulated NBFC – MFIs
(v) District Cooperative Banks licensed by Reserve Bank of India subject to being eligible as per extant norms of Reserve Bank of India
(vi) Regional Rural Banks established under Section (3) of Regional Rural Banks Act, 1976 subject to being eligible as per extant norms of Reserve Bank of India
(vii) Urban Co-operative banks licensed by Reserve Bank of India subject to being eligible as per extant norms of Reserve Bank of India
(viii) Primary Agricultural Cooperative Societies
(ix Other Cooperative Societies registered under any of the Cooperative Societies Acts
(x) Business correspondents appointed in accordance to the extant RBI Guidelines with any of the Scheduled Commercial Banks

IRDA (Unit Linked Insurance Products) Regulations, 2019:

These Regulations shall be applicable to all Unit Linked insurance products offered by life insurers. The main objectives of these regulations are:

i) To ensure that insurers follow prudent practices in designing and pricing of life insurance products and to protect the interests of the policyholders.
ii) To ensure sound and responsive management practices for effective oversight and adequate due diligence with regard to designing and pricing of life insurance products.

Unit Linked Insurance Products:

a) Unit Linked insurance products shall be offered only under non-par individual products and non-par group products.
b) These are the products where the benefits are partially or wholly dependent on the performance of the underlying assets under each of the segregated fund offered and shall be operated as follows:

i) The premiums shall be allocated to such segregated funds, otherwise called as unit funds, as per its net asset value and the benefits shall be determined based on the performance of the underlying assets of such segregated funds.
ii) The insurers shall levy charges subject to the stipulations in these Regulations.
iii) The products shall comply with the maximum reduction in yield requirements as referred to in

Regulation 29 of these Regulations.

c) A Unit Linked policy shall offer one of the following death benefits:

i) The sum assured as agreed in the policy plus the balance in the unit fund;

ii) The sum assured as agreed in the policy or the balance in the unit fund whichever is higher.

In both the cases, the sum assured shall be at a minimum consistent with the provision stipulated in Regulation 5 herein.

d) The maturity benefit shall be at least equal to the balance in the unit fund available in the policyholders' account on the date of maturity.

e) The classification of products shall be as per the IRDAI (Actuarial Report and Abstract for Life Insurance Business) Regulations, 2016, as applicable.

f) The product filing documents shall clearly mention the following classification:

i) Life/Pension/Health.

ii) Individual/group.

Benefit payable on death and benefits offered under the Health Cover:

a) From inception of the policy, all individual Unit Linked insurance products shall offer at least the minimum sum assured as stipulated, that becomes payable:

i) on death or

ii) to make benefits payments under the health cover, as applicable.

The minimum sum assured shall be at least equal to:

Type of Products	**Minimum Sum Assured**
Life Single Premium (SP) Policy	125 percent of single premium
Life Regular Premium (RP) including Limited Premium Paying (LPP) Policy	7 times the annualized premiums
Health Regular Premium (RP) including Limited Premium Paying (LPP) Policy	5 times the annualized premium or Rs.100,000 per annum whichever is higher

Where,

i) AP is Annualized Premium selected by the policyholder at the inception of the policy excluding the taxes, rider premiums and underwriting extra premium on riders, if any.

ii) SP is the Single Premium which is chosen by the policyholder at the inception of the policy, excluding the taxes, rider premiums and underwriting extra premium on riders, if any.

Policy Term and Premium Paying Term:

Minimum Policy Term:

The minimum policy term:

a) For individual Unit linked insurance products shall be at least five years.

b) For group Unit Linked insurance products shall be at least one year. The group products may be renewed every year.

Premium Payment Term:

Irrespective of the policy term, all individual Unit Linked insurance products, shall have the minimum features as stated below:

i) Except for single premium payment policy, the premium paying term for all other individual policies shall not be less than 5 years.
ii) Insurers may design products which offer a range of premium paying terms and policy terms within a product, subject to (i) above.
iii) Insurers may extend an option to the policyholder to alter the premium payment term or policy term provided that such alteration is in accordance with their Board approved underwriting policy, subject to (i) above.

General Provisions with respect to Pension Products:

a) Pension products may be offered on any of the following platforms:
    i) Individual Unit Linked pension products;
    ii) Group Unit Linked pension products;
b) Defined Assured Benefits:
    i) All individual pension products shall have explicitly defined assured benefit that is payable on Death and may have a defined assured benefit payable on Vesting.
    ii) The defined assured benefit shall be disclosed at the time of sale.
    iii) The assured benefit shall be utilized on the vesting date or on date of death as stipulated in Regulations 22 and 23 under these Regulations, as applicable.
c) Pension products offered by the insurers may offer riders during the deferment period. However, the rider benefit shall not be counted in arriving at the assured benefit referred in 20(b) under these Regulations above.

Charges levied under the Unit Linked insurance products:

a) Premium Allocation Charge: This is a percentage of the premium appropriated towards charges from the premium received. For Unit Linked insurance products, the balance amount known as allocation rate constitutes that part of premium which is utilized to purchase the units of the fund in the policy. The percentage shall be explicitly stated and could vary by the policy year in which the premium is paid, the premium size and the premium type (regular, single or top-up premium).
    i) This is a charge levied at the time of receipt of premium.
    ii) The maximum premium allocation charge shall be declared by the Authority from time to time. The current Premium Allocation Charges is capped at 12.5% of Annualized premium in any year.

b) Fund Management Charge (FMC):
    i) For Unit Linked insurance products, this is a charge levied as a percentage of the value of assets and shall be appropriated by adjusting the Net Asset Value.
    ii) This is a charge levied at the time of computation of NAV, which is usually done on daily basis.
    iii) The maximum Fund Management Charge shall be declared by the Authority from time to time. The current cap on fund management charges in respect of each of the segregated fund is 135 basis points.

c) Guarantee Charge:
    i) For Unit Linked insurance products, this is a charge levied as a percentage of the value of assets and shall be appropriated by adjusting the Net Asset Value.
    ii) This is a charge levied at the time of computation of NAV, which is usually done on daily basis.
    iii) The maximum Guarantee Charge shall be declared by the Authority from time to time. The current cap on guarantee charges is 50 basis points.

d) Policy Administration Charge: This charge shall represent the expenses other than those covered by premium allocation charges and the fund management charge. This is a charge which may be expressed as a fixed amount or a percentage of the premium or a percentage of sum assured.

i) For unit fund, this charge is levied at the beginning of each policy month from the unit fund by cancelling units for equivalent amount.

ii) This charge could be flat throughout the policy term or vary at a pre-determined rate, subject to an upper limit as decided by the Authority from time to time. The current cap is 5% per annum.

iii) The maximum Policy Administration Charge shall be declared by the Authority from time to time. The current cap on policy Administration charge is Rs.500 per month.

e) Surrender Charge or Discontinuance charge:

i) This is a charge levied on the unit fund where the policyholder opts for complete withdrawal of the contract as stipulated in Regulation under these Regulations.

ii) This charge is usually expressed either as a percentage of the fund or as a percentage of the annualized premiums (for regular premium contracts).

iii) No discontinuance charges shall be imposed on top-up premiums.

iv) The charges levied on the date of discontinuance (as a percentage of Fund Value or one annualized premium or a percentage of single premium) shall not exceed the limits as decided by the Authority from time to time.

f) Switching Charge: This is a charge levied on switching of monies from one segregated fund to another available within the product. The charge per each switch, if any, shall be levied at the time of executing the switch. The maximum Switching Charge shall be declared by the Authority from time to time. The current cap per switch is Rs.500.

g) Mortality or Morbidity Charge: This is the cost of life or health insurance cover. It is exclusive of any expense loadings levied by cancellation of units. This charge, if any, shall be levied at the beginning of each policy month from the fund.

i) The method of computation shall be explicitly stated in the policy document. The mortality or morbidity charge table shall form part of the policy document.

ii) Mortality charge table shall be guaranteed during the contract period and morbidity charges may be reviewed during the term of the policy, as per the IRDAI (Health Insurance) Regulations, 2016 or any other circular or guidelines which may be issued by the Authority from time to time.

h) Rider charge or Rider Premium:

i) Within a product, cost of rider cover can be levied through rider charge or level rider premium, but not both. This should be explicitly mentioned in policy document & other filing documents.

ii) Riders as approved by the Authority can be attached to the Unit Linked insurance products provided:

(1) the rider premium does not contain any expense loading and

(2) the premium payment term and policy term of the riders are consistent with premium payment term and policy term of the base Unit Linked insurance product.

(3) The level rider premium shall be levied in addition to the base premium.

i) Partial withdrawal charge: This is a charge levied on the unit fund at the time of part withdrawal of

the fund during the contract period. The maximum Partial withdrawal charge shall be declared by the Authority from time to time. The current cap on partial withdrawal charge is Rs.500 per transaction.

j) Miscellaneous charge:

i) This is a charge levied for any alterations within the contract, such as, increase in sum assured, premium redirection, change in policy term etc. The charge is expressed as a flat amount. This shall be levied by cancellation of units.

ii) This charge is levied only at the time of alteration. The maximum Miscellaneous charge shall be declared by the Authority from time to time. The current cap on alteration charges is Rs. 500 per alteration.

IRDA (Non-Linked Insurance Products) Regulations, 2019:

These Regulations shall be applicable to all the products offered by the life insurers under the non-linked platform. The main objectives of these regulations are:

i) To ensure that insurers follow prudent practices in designing and pricing of life insurance products and to protect the interests of the policyholders.

ii) To ensure sound and responsive management practices for effective oversight and adequate due diligence with regard to designing and pricing of life insurance products.

Product Structures:

The product structure shall be classified as participating products (herein after referred as "par products") and non-participating products (herein after referred as "non-par products").

The product filing documents shall clearly mention the following classification:

a) Par/Non-par

b) Life/Pension/General Annuity/Health

c) Individual/Group

d) Savings/Pure risk premium product

Par Products: Par products shall be as defined in the IRDAI (Actuarial Report and Abstract for Life Insurance Business) Regulations, 2016 and can be offered only under non-linked platform. Under the par products, the bonus accruals during the term shall be as follows:

a) Regular bonus shall be declared only on an annual basis;

b) Interim bonus shall be declared at the annual valuation period, which shall become payable during the intervaluation period.

c) Terminal bonus or other forms of bonus, if any, shall become payable on the specified events or at the end of the term of the policy.

d) In case of par products, the maturity benefits shall closely reflect the asset share.

Non-par products: Non par products shall be as defined in the IRDAI (Actuarial Report and Abstract for Life Insurance Business) Regulations, 2016. These products, namely, individual and group products, may contain the following features:

i) Under individual products, the benefits shall be explicitly stated in advance at the inception of the policy without any discretion to the insurer;

ii) Under Group products, the benefits or interest rates, as applicable, may be accrued at the end or at

the beginning of either every month or quarter or half-year or year as shall be explicitly defined or stated in the product filing procedure, with no discretion to the insurer, where year shall mean the financial year.

Minimum Death Benefit:

For all the non-linked individual life insurance products, the minimum Sum Assured on death during the entire term of the policy shall not be less than 7 times the annualized premium, for limited or regular premium products, and 1.25 times the single premium for single premium products. Further, for other than single premium products, the minimum death benefit shall be at least 105% of the total premiums received upto the date of death.

General Provisions with Respect to Pension Products:

a) Pension products may be offered on any of the following platforms:

i) Individual Non-linked pension products;

ii) Group Non-linked pension products;

b) Defined Assured Benefits:

i) All individual pension products shall have explicitly defined assured benefit that is payable on:

(1) Death; and

(2) vesting.

ii) An assured benefit means at least one of the guarantees from the following options:

(1) Non-zero positive rate of return on the premiums paid, excluding applicable tax, from the date of payment to date of vesting or

(2) An absolute amount to be paid on death or maturity (which shall result in non-zero positive return).

iii) The defined assured benefit shall be disclosed at the time of sale.

iv) The assured benefit shall be utilized on the vesting date OR on date of death as stipulated in the Regulations 15 and 16 under these Regulations, as applicable.

c) Pension products offered by the insurers may offer riders during the deferment period.

Annuity Products:

a) Under the immediate annuity and deferred annuities including group deferred and group immediate annuities, the following guaranteed for life annuity options may be permitted under individual and group business:

i. Life annuity.

ii. Life annuity with Return of Purchase Price.

iii. Annuity Certain for a specific period (period as approved under the product filing procedure) and life thereafter.

iv. Joint Life annuity with a provision of 100%, 50% or such other percentages of annuity to Secondary Annuitant on death of the Primary Annuitant and Return of Purchase Price on death of Last Survivor.

v. Joint Life annuity with a provision for 100% or 50% or such other percentages of annuity to Secondary Annuitant on death of the Primary Annuitant.

vi. Any other annuity, as approved by the Authority.

Provided every annuity product shall have at least options (i) and (ii) mentioned above.

b) Under both group and individual deferred annuity products,

(i) annuity shall be payable at the end of the deferment period and annuity rates shall be

guaranteed at the inception of the contract.
(ii) Premium payment mode may be single, limited premium or regular premium.

Group Products:

The following categories of non-linked products shall be allowed under group business.

a) Employer-Employee Group Products: The following group products shall be permitted for employer-employee groups:

i. Group Term Insurance products.
ii. Group Savings Insurance products.
iii. Group Credit Life Insurance products.
iv. Single Premium Group Term Insurance Products.
v. Micro Insurance products.
vi. One-year renewable Group Term Insurance products.
vii. One-year renewable Group Health Insurance products.
viii. Group annuity products with the options prescribed under Regulation 18(a) under these Regulations.

b) Non-Employer-Employee Group Products: The following group products shall be permitted for Non-employer-employee groups:

i. Group Term Insurance products.
ii. Group Credit Life Insurance products.
iii. Single Premium Group Term Insurance products offered to only non-employer-employee homogeneous groups.
iv. Micro Insurance products.
v. One-year renewable Group Health or Term Insurance products.
vi. Government (Central or State) sponsored Group Insurance Products or Schemes.

c) For the purpose of these Regulations, non-employer-employee homogeneous group shall mean:

i. Any association, where the member represents a particular profession or trade or domestic workers or anganwadi workers.
ii. Government agencies.
iii. Any cooperative societies.
iv. Parents of school or college students as members.
v. Any other groups as may be approved by the Authority.

d) For the purpose of these Regulations, group savings insurance products shall mean:

i) Group Non-Linked Superannuation Product.
ii) Group Non-Linked Gratuity Product.
iii) Group Leave Encashment Product.
iv) Group Post-Retirement Medical Product.
v) Group products with significant savings element.

IRDA (Insurance Advertisements) Regulations, 2000:

Every insurer or intermediary shall follow recognised standards of professional conduct as prescribed by the Advertisement Standards Council of India (ASCI) and discharge its functions in the interest of the policyholders.

Insurance company advertisements:

(1)Every insurance company shall be required to prominently disclose in the advertisement and that

part of the advertisement that is required to be returned to the company or insurance intermediary or insurance agent by a prospect or an insured the full particulars of the insurance company, and not merely any trade name or monogram or logo.
(2) Where benefits are more than briefly described, the form number of the policy and the type of coverage shall be disclosed fully.

Advertisements by insurance agents:
(1) Every advertisement by an insurance agent that affects an insurer must be approved by the insurer in writing prior to its issue;
(2) It shall be the responsibility of the insurer while granting such approval to ensure that all advertisements that pertain to the company or its products or performance comply with these regulations and are not deceptive or misleading.

Advertisements by insurance intermediaries:
Only properly licensed intermediaries may advertise or solicit insurance through advertisements.

Advertising on the Internet:
(1) Every insurer or intermediary's web site or portal shall —
(i) include disclosure statements which outline the site's specific policies vis-á-vis the privacy of personal information for the protection of both their own businesses and the consumers they serve.
(ii) display their registration/ license numbers on their web sites.
(2) For the purposes of these regulations, except where otherwise specifically excluded or restricted, no form or policy otherwise permissible for use shall be deemed invalid or impermissible if such form or policy accurately reflects the intentions of the parties in such form or policy as published electronically or transmitted electronically between parties.

Identity of advertiser:
Every advertisement for insurance shall
(i) state clearly and unequivocally that insurance is the subject matter of the solicitation; and
(ii)state the full registered name of the insurer/ intermediary/ insurance agent.

"Insurance advertisements" means and includes any communication directly or indirectly related to a policy and intended to result in the eventual sale or solicitation of a policy from the members of the public, and shall include all forms of printed and published materials or any material using the print and or electronic medium for public communication such as:
(i) newspapers, magazines and sales talk;
(ii) billboards, hoardings, panels;
(iii) radio, television, website, e-mail, portals;
(iv) representations by intermediaries;
(v) leaflets;
(vi) descriptive literature/circulars;
(vii) sales aids flyers;
(viii) illustrations from letters;
(ix) telephone solicitations;
(x) business cards;

(xi) videos;
(xii) faxes; or
(xiii) any other communication with a prospect or a policyholder that urges him to purchase, renew, increase, retain, or modify a policy of insurance.

Explanation: The following materials shall not be considered to be an advertisement provided they are not used to induce the purchase, increase, modification, or retention of a policy of insurance: -
(i) materials used by an insurance company within its own organization and not meant for distribution to the public;
(ii) communications with policy holders other than materials urging them to purchase, increase, modify, surrender or retain a policy;
(iii) materials used solely for the training, recruitment, and education of an insurer's personnel, intermediaries, counselors and solicitors, provided they are not used to induce the public to purchase, increase, modify or retain a policy of insurance;
(iv) any general announcement sent by a group policy holder to members of the eligible group that a policy has been written or arranged.

"Intermediary or insurance intermediary" includes insurance brokers, reinsurance brokers, insurance consultants, surveyors and loss assessors, or any other persons representing or assisting an insurer in one or more of the following:
(i) soliciting, negotiating, procuring, or effectuating an insurance contract or renewal of an insurance contract;
(ii) disseminating information relating to coverage or rates;
(iii) forwarding an insurance application;
(iv) servicing and delivering an insurance policy or contract;
(v) inspecting a risk;
(vi) setting a rate;
(vii) investigating or assessing a claim or loss;
(viii) transacting a matter after the effectuation of a contract;
(ix) representing or assisting an insurer or other person in any other manner in the transaction of insurance with respect to a subject of insurance resident, located or to be performed in India; or
(x) servicing a policy or contract.

"unfair or misleading advertisement" will mean and include any advertisement:
(i) that fails to clearly identify the product as insurance;
(ii) makes claims beyond the ability of the policy to deliver or beyond the reasonable expectation of performance;
(iii) describes benefits that do not match the policy provisions;
(iv) uses words or phrases in a way which hides or minimizes the costs of the hazard insured against or the risks inherent in the policy;
(v) omits to disclose or discloses insufficiently, important exclusions, limitations and conditions of the contract;
(vi) gives information in a misleading way;
(vii) illustrates future benefits on assumptions which are not realistic nor realisable in the light of the insurer's current performance;
(viii) where the benefits are not guaranteed, does not explicitly say so as prominently as the benefits

are stated or says so in a manner or form that it could remain unnoticed;
(ix) implies a group or other relationship like sponsorship, affiliation or approval, that does not exist;
(x) makes unfair or incomplete comparisons with products which are not comparable or disparages competitors.

Health Insurance:

a. Health Insurance products may be offered only by entities with a valid registration granted to carry on Life Insurance or General Insurance or Health Insurance Business under the Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations 2000 as amended from time to time.

b. Life Insurers may offer long term Individual Health Insurance products i.e., for term of 5 years or more, but the premium for such products shall remain unchanged for at least a period of every block of three years, thereafter the premium may be reviewed and modified as necessary.

Provided that a life insurer may not offer indemnity based products either Individual or Group. All existing indemnity based products offered by life insurers shall be withdrawn as specified under these Regulations.

Provided also that no single premium health insurance product shall be offered under Unit Linked platform.

c. General Insurers and Health Insurers may offer individual health products with a minimum tenure of one year and a maximum tenure of three years, provided that the premium remains unchanged for the tenure.

d. Group Health Policies may be offered by any insurer for a term of one year except credit linked products where the term can be extended up to the loan period not exceeding five years.

Guidelines on Standardization in Health Insurance:

As mentioned in the Schedule III of Health Insurance Regulations, IRDA has to come out with Guidelines on Standardization of Health Insurance Products and Services to avoid any ambiguity and confusion among the insurers, Third Party Administrators (TPAs) and customers. In this context, IRDA came out with such guidelines in the year 2016. Some important provisions are listed below in terms of giving their standardized meanings and definitions.

1. Accident:
An accident means sudden, unforeseen and involuntary event caused by external, visible and violent means.

2. Any one illness: (not applicable for Travel and Personal Accident Insurance)
Any one illness means continuous period of illness and includes relapse within 45 days from the date of last consultation with the Hospital/Nursing Home where treatment was taken.

3. Cashless facility:
Cashless facility means a facility extended by the insurer to the insured where the payments, of the

costs of treatment undergone by the insured in accordance with the policy terms and conditions, are directly made to the network provider by the insurer to the extent pre-authorization is approved.

4. Condition Precedent:
Condition Precedent means a policy term or condition upon which the Insurer's liability under the policy is conditional upon.

5. Congenital Anomaly:
Congenital Anomaly means a condition which is present since birth, and which is abnormal with reference to form, structure or position.
a) Internal Congenital Anomaly
Congenital anomaly which is not in the visible and accessible parts of the body
b) External Congenital Anomaly
Congenital anomaly which is in the visible and accessible parts of the body

6. Co-Payment:
Co-payment means a cost sharing requirement under a health insurance policy that provides that the policyholder/insured will bear a specified percentage of the admissible claims amount. A co-payment does not reduce the Sum Insured.

7. Cumulative Bonus:
Cumulative Bonus means any increase or addition in the Sum Insured granted by the insurer without an associated increase in premium.

8. Day Care Centre:
A day care centre means any institution established for day care treatment of illness and/or injuries or a medical setup with a hospital and which has been registered with the local authorities, wherever applicable, and is under supervision of a registered and qualified medical practitioner AND must comply with all minimum criterion as under

i) has qualified nursing staff under its employment;
ii) has qualified medical practitioner/s in charge;
iii) has fully equipped operation theatre of its own where surgical procedures are carried out;
iv) maintains daily record of patients and will make these accessible to the insurance company's authorized personnel.

9. Day Care Treatment:
Day care treatment means medical treatment, and/or surgical procedure which is:

i. undertaken under General or Local Anesthesia in a hospital/day care centre in less than 24 hrs because of technological advancement, and
ii. which would have otherwise required hospitalization of more than 24 hours.

Treatment normally taken on an out-patient basis is not included in the scope of this definition. (Insurers may, in addition, restrict coverage to a specified list).

10. Deductible:
Deductible means a cost sharing requirement under a health insurance policy that provides that the insurer will not be liable for a specified rupee amount in case of indemnity policies and for a specified

number of days/hours in case of hospital cash policies which will apply before any benefits are payable by the insurer. A deductible does not reduce the Sum Insured.

(Insurers to define whether the deductible is applicable per year, per life or per event and the manner of applicability of the specific deductible)

11. Dental Treatment:
Dental treatment means a treatment related to teeth or structures supporting teeth including examinations, fillings (where appropriate), crowns, extractions and surgery.

12. Disclosure to information norm:
The policy shall be void and all premium paid thereon shall be forfeited to the Company in the event of misrepresentation, mis-description or non-disclosure of any material fact.

13. Domiciliary Hospitalization:
Domiciliary hospitalization means medical treatment for an illness/disease/injury which in the normal course would require care and treatment at a hospital but is actually taken while confined at home under any of the following circumstances:

i) the condition of the patient is such that he/she is not in a condition to be removed to a hospital, or
ii) ii) the patient takes treatment at home on account of non-availability of room in a hospital.

14. Emergency Care:
Emergency care means management for an illness or injury which results in symptoms which occur suddenly and unexpectedly, and requires immediate care by a medical practitioner to prevent death or serious long term impairment of the insured person's health.

15. Grace Period:
Grace period means the specified period of time immediately following the premium due date during which a payment can be made to renew or continue a policy in force without loss of continuity benefits such as waiting periods and coverage of pre-existing diseases. Coverage is not available for the period for which no premium is received.

16. Hospital (not applicable for Overseas Travel Insurance):
A hospital means any institution established for in-patient care and day care treatment of illness and/or injuries and which has been registered as a hospital with the local authorities under Clinical Establishments (Registration and Regulation) Act 2010 or under enactments specified under the Schedule of Section 56(1) and the said act Or complies with all minimum criteria as under:

i) has qualified nursing staff under its employment round the clock;
ii) has at least 10 in-patient beds in towns having a population of less than 10,00,000 and at least 15 in-patient beds in all other places;
iii) has qualified medical practitioner(s) in charge round the clock;
iv) has a fully equipped operation theatre of its own where surgical procedures are carried out;
v) maintains daily records of patients and makes these

17. Hospitalization (not applicable for Overseas Travel Insurance):

Hospitalization means admission in a hospital for a minimum period of 24 consecutive 'In-patient Care' hours except for specified procedures/ treatments, where such admission could be for a period of less than 24 consecutive hours.

18. Illness:
Illness means a sickness or a disease or pathological condition leading to the impairment of normal physiological function and requires medical treatment.
(a) Acute condition - Acute condition is a disease, illness or injury that is likely to respond quickly to treatment which aims to return the person to his or her state of health immediately before suffering the disease/ illness/ injury which leads to full recovery
(b) Chronic condition - A chronic condition is defined as a disease, illness, or injury that has one or more of the following characteristics:
1. it needs ongoing or long-term monitoring through consultations, examinations, check-ups, and /or tests
2. it needs ongoing or long-term control or relief of symptoms
3. it requires rehabilitation for the patient or for the patient to be specially trained to cope with it
4. it continues indefinitely

19. Injury:
Injury means accidental physical bodily harm excluding illness or disease solely and directly caused by external, violent, visible and evident means which is verified and certified by a Medical Practitioner.

20. Inpatient Care (not applicable for Overseas Travel Insurance):
Inpatient care means treatment for which the insured person has to stay in a hospital for more than 24 hours for a covered event.

21. Intensive Care Unit:
Intensive care unit means an identified section, ward or wing of a hospital which is under the constant supervision of a dedicated medical practitioner(s), and which is specially equipped for the continuous monitoring and treatment of patients who are in a critical condition, or require life support facilities and where the level of care and supervision is considerably more sophisticated and intensive than in the ordinary and other wards.

22. ICU Charges:
ICU (Intensive Care Unit) Charges means the amount charged by a Hospital towards ICU expenses which shall include the expenses for ICU bed, general medical support services provided to any ICU patient including monitoring devices, critical care nursing and intensivist charges.

23. Maternity expenses:
Maternity expenses means;
a) medical treatment expenses traceable to childbirth (including complicated deliveries and caesarean sections incurred during hospitalization);
b) expenses towards lawful medical termination of pregnancy during the policy period.

24. Medical Advice:
Medical Advice means any consultation or advice from a Medical Practitioner including the issuance of

any prescription or follow-up prescription.

25. Medical Expenses:
Medical Expenses means those expenses that an Insured Person has necessarily and actually incurred for medical treatment on account of Illness or Accident on the advice of a Medical Practitioner, as long as these are no more than would have been payable if the Insured Person had not been insured and no more than other hospitals or doctors in the same locality would have charged for the same medical treatment.

26. Medical Practitioner (not applicable for Overseas Travel Insurance):
Medical Practitioner means a person who holds a valid registration from the Medical Council of any State or Medical Council of India or Council for Indian Medicine or for Homeopathy set up by the Government of India or a State Government and is thereby entitled to practice medicine within its jurisdiction; and is acting within its scope and jurisdiction of license.

(Insurance companies may specify additional or restrictive criteria to the above e.g. that the registered practitioner should not be the insured or close member of the family. Insurance Companies may also specify definition suitable to overseas jurisdictions where Indian policyholders are getting treatment outside India as per the terms and conditions of a health insurance policy issued in India)

27. Medically Necessary Treatment (not applicable for Overseas Travel Insurance):
Medically necessary treatment means any treatment, tests, medication, or stay in hospital or part of a stay in hospital which:
i) is required for the medical management of the illness or injury suffered by the insured;
ii) must not exceed the level of care necessary to provide safe, adequate and appropriate medical care in scope, duration, or intensity;
iii) must have been prescribed by a medical practitioner;
iv) must conform to the professional standards widely accepted in international medical practice or by the medical community in India.

28. Network Provider (not applicable for Overseas Travel Insurance):
Network Provider means hospitals or health care providers enlisted by an insurer, TPA or jointly by an Insurer and TPA to provide medical services to an insured by a cashless facility.

29. New Born Baby:
Newborn baby means baby born during the Policy Period and is aged upto 90 days

30. Non- Network Provider:
Non-Network means any hospital, day care centre or other provider that is not part of the network.

31. Notification of Claim:
Notification of claim means the process of intimating a claim to the insurer or TPA through any of the recognized modes of communication.

32. OPD treatment:
OPD treatment means the one in which the Insured visits a clinic / hospital or associated facility like a

consultation room for diagnosis and treatment based on the advice of a Medical Practitioner. The Insured is not admitted as a day care or in-patient.

33. Pre-Existing Disease (not applicable for Overseas Travel Insurance):
Pre-Existing Disease means any condition, ailment or injury or related condition(s) for which there were signs or symptoms, and / or were diagnosed, and / or for which medical advice / treatment was received within 48 months prior to the first policy issued by the insurer and renewed continuously thereafter.

(Life Insurers may define norms for applicability of PED at reinstatement).

34. Pre-hospitalization Medical Expenses
Pre-hospitalization Medical Expenses means medical expenses incurred during predefined number of days preceding the hospitalization of the Insured Person, provided that:

i. Such medical expenses are incurred for the same condition for which the Insured Person's Hospitalization was required, and
ii. The In-patient Hospitalization claim for such Hospitalization is admissible by the Insurance Company.

35. Post-hospitalization Medical Expenses:
Post-hospitalization Medical Expenses means medical expenses incurred during predefined number of days immediately after the insured person is discharged from the hospital provided that:

i. Such medical expenses are incurred for the same condition for which the Insured Person's Hospitalization was required, and
ii. The inpatient hospitalization claim for such hospitalization is admissible by the insurance company.

36. Qualified Nurse (not applicable for Overseas Travel Insurance):
Qualified nurse means a person who holds a valid registration from the Nursing Council of India or the Nursing Council of any state in India.

37. Reasonable and Customary Charges (not applicable for Overseas Travel Insurance):
Reasonable and Customary charges means the charges for services or supplies, which are the standard charges for the specific provider and consistent with the prevailing charges in the geographical area for identical or similar services, taking into account the nature of the illness / injury involved.

38. Renewal:
Renewal means the terms on which the contract of insurance can be renewed on mutual consent with a provision of grace period for treating the renewal continuous for the purpose of gaining credit for preexisting diseases, time-bound exclusions and for all waiting periods.

39. Room Rent:
Room Rent means the amount charged by a Hospital towards Room and Boarding expenses and shall include the associated medical expenses.

40. Subrogation (Applicable to other than Health Policies and health sections of Travel and PA policies):

Subrogation means the right of the insurer to assume the rights of the insured person to recover expenses paid out under the policy that may be recovered from any other source.

41. Surgery or Surgical Procedure:
Surgery or Surgical Procedure means manual and / or operative procedure (s) required for treatment of an illness or injury, correction of deformities and defects, diagnosis and cure of diseases, relief from suffering and prolongation of life, performed in a hospital or day care centre by a medical practitioner.

42. Unproven/Experimental treatment:
Unproven/Experimental treatment means the treatment including drug experimental therapy which is not based on established medical practice in India, is treatment experimental or unproven.

IRDA (Third Party Administrators - Health Services) (Amendment) Regulations, 2019:
TPA or Third Party Administrator (TPA) is a company/agency/organization holding license from Insurance Regulatory Development Authority (IRDA) to process claims - corporate and retail policies in addition to providing cashless facilities as an outsourcing entity of an insurance company.

TPAs function as an intermediary between the insurance provider and the insured. The stakeholders involved are as follows:

- Insurance companies
- Healthcare providers
- Policyholders

TPAs - Minimum Capital and Net Worth Requirements:
(1) Only a company with a share capital and registered under the Companies Act, 2013 (18 of 2013) as amended from time to time, can function as a TPA.
(2) A TPA shall maintain minimum paid up equity share capital of not less than rupees four crores. Provided that existing registered TPAs shall comply with this stipulation within one year from the date of notification of these regulations.
(3) The net worth of a TPA shall at no time during the period of registration fall below rupees one crore.
Explanation: For the purposes of these regulations, “net worth” shall have the meaning assigned to it in the Companies Act, 2013 and as amended from time to time.
(4) The foreign investment in the TPA shall comply with the policy and rules framed in this regard by Government of India and any regulations, guidelines or instructions issued by the Authority.

TPAs - Health Services:
(1) A TPA may render the following services to an insurer under an agreement in connection with health insurance business:

a. servicing of claims under health insurance policies by way of preauthorization of cashless treatment or settlement of claims other than cashless claims or both, as per the underlying terms and conditions of the respective policy and within the framework of the guidelines issued by the insurers for settlement of claims.
b. servicing of claims for Hospitalization cover, if any, under Personal Accident Policy and domestic travel policy.

c. facilitating carrying out of pre-insurance medical examinations in connection with underwriting of health insurance policies: Provided that a TPA can extend this service for life insurance policies also.
d. health services matters of foreign travel policies and health policies issued by Indian insurers covering medical treatment or hospitalization outside India
e. servicing of health services matters of [travel or health or medical insurance] policies issued by foreign insurers for policyholders who are travelling to India:
Provided that such services shall be restricted to the health services required to be attended to during the course of the visit or the stay of the policyholders in India.
f. servicing of non-insurance healthcare schemes as mentioned in Regulation 22 (3) of these Regulations
g. any other services as may be mentioned by the Authority.

(2) While performing the services as indicated at Regulation 3 (1) of these regulations, a TPA shall not
a. Directly make payment in respect of claims
b. Reject or repudiate any of the claims directly
c. Handle or service claims other than hospitalization cover under a personal accident policy
d. Procure or solicit insurance business directly or indirectly
e. Offer any service directly to the policyholder or insured or to any other person unless such service is in accordance with the terms and conditions of the policy contract and the agreement entered into in terms of these regulations.

(3) A TPA can provide health services to more than one insurer. Similarly, an insurer may engage more than one TPA for providing health services to its policyholders or claimants.

(4) The policyholder can choose a TPA of their choice from amongst the TPAs engaged by the insurer, where services of TPAs are engaged by the insurer for a given insurance product.
(a) Where the services of the TPA are terminated during the course of health services rendered by the said TPA, every insurer shall allow the policyholder to choose an alternate TPA from amongst the TPAs engaged by it.
(b) The insurer shall explicitly provide the names of the TPAs amongst whom the policyholder may choose the TPA of their choice at the point of sale. The Policyholder may be allowed to change the TPA of their choice only at the point of renewal.
Provided that the policyholder shall have no right to seek dispensing the services of the TPA and request the insurer to undertake rendering the health service directly.

Code of Conduct for TPA:

1. A TPA licensed under these regulations shall as far as possible act in the best professional manner.
2. In particular and without prejudice to the generality of the provisions contained above, it shall be the duty of every TPA, its Chief Administrative Officer or Chief Executive Officer and its employees or representatives to :-
(a) establish its or his or their identity to the public and the insured/policyholder and that of the insurance company with which it has entered into an agreement.
(b) disclose its licence to the insured/policyholder/prospect.
(c) disclose the details of the services it is authorised to render in respect of health insurance products under an agreement with an insurance company;

(d) bring to the notice of the insurance company with whom it has an agreement, any adverse report or inconsistencies or any material fact that is relevant for the insurance company's business;
(e) obtain all the requisite documents pertaining to the examination of an insurance claim arising out of insurance contract concluded by the insurance company with the insured/policyholder;
(f) render necessary assistance specified under the agreement and advice to policyholders or claimants or beneficiaries in complying with the requirements for settlement of claims with the insurance company;
(g) conduct itself /himself in a courteous and professional manner;
(h) refrain from acting in a manner, which may influence directly or indirectly insured/policyholder of a particular insurance company to shift the insurance portfolio from the existing insurance company to another insurance company;
(i) refrain from trading on information and the records of its business;
(j) maintain the confidentiality of the data collected by it in the course of its agreement;
(k) refrain from resorting to advertisements of its business or the services carried out by it on behalf of a particular insurance company, without the prior written approval by the insurance company;
(l) refrain from inducing an insured/policyholder to omit any material information, or submit wrong information;
(m) refrain from demanding or receiving a share of the proceeds or indemnity from the claimant under an insurance contract;
(n) follow the guidelines/directions that may be issued down by the Authority from time to time.

IRDA (Re-insurance) Regulations, 2018:

IRDAI (Re-insurance) Regulations, 2018 came into force on 1st January 2019 and consolidate the provisions governing reinsurance business in India into one set of applicable regulations along with introducing new requirements for both life and general reinsurance business.

Objectives:

The Re-insurance Programme of every Indian Insurer shall be guided by the following objectives to:
A. Maximize retention within the country, subject to proper and adequate diversification of risks;
B. Develop adequate technical capability and financial capacity;
C. Secure the best possible Re-insurance coverage required to protect the interest of the policyholders and (retro)cedants at a reasonable cost;
D. Simplify the administration of business.

Retention policy:

A. Every Indian Insurer shall
a. maintain the maximum possible retention in commensuration with its financial strength, quality of risks and volume of business;
b. formulate a suitable insurance segment-wise retention policy; bearing in mind the above stated objectives, duly approved by its Board;
c. ensure that the Re-insurance arrangement is not fronting.

B. However, every Indian Insurer, transacting life insurance business, shall maintain a minimum

retention of
a. 25% of sum at risk under pure protection life insurance business portfolio and
b. 50% of sum at risk under other than pure protection life insurance business portfolio.

Explanation: The portfolio of business existing prior to the date of effect of these regulations shall continue to be governed by the existing treaties.

C. Every Indian Re-insurer shall maintain a minimum retention of 50% of its Indian business.

D. The Authority may require an Indian Insurer to justify its retention policy and may give such directions, as considered necessary, to fulfill the objectives.

Re-insurance Arrangements:

A. Every Indian Insurer shall
a. commence its annual Re-insurance Programme from the beginning of every financial year;
b. submit to the Authority, its Board approved Re-insurance Programme along with its retention policy for the forthcoming financial year, 45 days before the commencement of the financial year;
c. file with the Authority, within 30 days of the commencement of the financial year:
    i. its Board approved Final Re-insurance Programme incorporating the changes, if any, in the programme submitted under 3(3)(A)(b) above or a declaration by the CEO that the entity has not made any change in the filed Programme;
    ii. re-insurer wise details of actual placements during previous financial year for each Insurance Segment;
d. file with the Authority any new or revision of Re-insurance arrangement (made after the final Re-insurance Programme under 3(3)(A)(c) above is submitted), giving full details with related documents, reasons for such an arrangement together with Board approved copy within 15 days of approval of the Board.

B. The Board, while formulating the Re-insurance Programme and the retention policy, shall ensure that the Reinsurance arrangements are effective and appropriate by taking into consideration, inter-alia, the following factors:
a. Business mix, overall risk appetite, type and extent of Re-insurance protection required;
b. Level of risk concentration and retention levels;
c. Mechanism of reinsurance.

C. The Re-insurance Programme of Indian Insurers shall include, but not limited to, the following:
a. Insurance Segment-wise parameters considered for fixation of retention limits;
b. Insurance Segment-wise statement of retention limits for the proposed financial year vis-a-vis retention limits in the current financial year and reasons for variations, if any;
c. Insurance Segment-wise statement of net retention ratio for the current financial year (estimated) and for the previous three financial years;
d. Insurance Segment wise statement of the actual Gross Written Premium Income for the previous financial year, for current financial year (estimated) and the projected Gross Written Premium income for the forthcoming financial year;

Where, ‘Insurance Segment’, for the purpose of these regulations, means and includes the following-

A. Fire (Other than Oil & Energy);
B. Marine Hull;
C. Marine Cargo;
D. Engineering;
E. Aviation;
F. Motor;
G. Health (including Personal Accident & Travel), other than policies issued by insurers transacting Life Insurance business;
H. Crop;
I. Trade Credit;
J. Oil & Energy;
K. Liability;
L. Miscellaneous;
M. Life (including health insurance policies issued by Life Insurers);
N. Any other segment (under Miscellaneous segment) which contributes more than ten percent of the Gross Written Premium of the Miscellaneous segment;
O. Any other segment as may be notified by the Authority from time to time;

Cross Border Re-insurer (CBR):

1. No Indian Insurer shall place its Re-insurance business with any CBR, unless it satisfies the following eligibility criteria: -
A. The CBR is an insurance or Re-insurance entity in its home country, duly authorized by its home country regulator to transact re-insurance business during the immediate past three continuous years;
B. The CBR has a credit rating of at least BBB from Standard & Poor or equivalent rating from an international rating agency during the immediate past three continuous years;
C. The home country of the CBR has signed Double Taxation Avoidance Agreement with India;
D. The CBR has minimum solvency margin or capital adequacy, as specified by the home country regulator, during the immediate past three continuous years;
E. The past claims settlement experience of the CBR is found to be satisfactory;
F. Any other requirements as stipulated by the Authority from time to time.

2. Reinsurance placements with a CBR, not fulfilling the above stated eligibility criteria shall require prior approval of the Authority.

3. The Authority may stipulate norms for relaxations of these criteria and limits of cessions to a CBR under Regulation 6 along with operational procedures for filing CBR information, through guidelines issued from time to time.

Cession limits:

1. Re-insurance placements with CBRs by the cedants transacting other than life insurance business shall be subject to the following overall cession limits during a financial year.

Rating of the CBR as per Standard & Poor or equivalent	**Maximum overall cession limits allowed per CBR**
Greater than A+	20%

Greater than BBB+ and up to and including A+	15%
BBB & BBB+	10%

Explanation: The above percentages are to be calculated on the total reinsurance premium ceded outside India.

2. No placement exceeding the aforesaid limits shall be made unless prior approval of the Authority is obtained.

Terms & Conditions (Obligatory Cession):

Commission:

Percentage of commission on obligatory cession for different classes of business shall be as follows:
(i) Minimum 5% for Motor TP and Oil & Energy Insurance.
(ii) Minimum 10% for Group Health Insurance.
(iii) Minimum 7.50% for Crop Insurance.
(iv) Average Terms for Aviation Insurance.
(v) Minimum 15% for all other classes of Insurance business.
Commission over and above, can be as mutually agreed between Indian Re-insurer(s) and the ceding insurer.

Profit Commission:

The Indian Re-insurer shall share the profit commission, on 50%:50% basis, with the ceding insurer based on the performance and surplus of the total obligatory portfolio of the ceding insurer, after factoring the following:
(i) Incurred loss % (to be worked at the end of 3 financial years).
(ii) Management Expenses at 2%.
(iii) Profit at 5%.
(iv) Commission at 15%.
(v) Loss ratio at 50% to 78%.
No profit commission is payable if the loss ratio exceeds 78%. Profit commission shall not exceed 14%.